

**#12B - US 101 EXPRESS LANES PROJECT FINANCING  
SUPPORTING DOCUMENTATION**

- (1) Indenture
- (2) First Supplemental Indenture
- (3) POS
- (4) LOC Reimbursement Agreement (SMCTA 2020A and 2020B)
- (5) Remarketing Agreement with Bank of America
- (6) Remarketing Agreement with JP Morgan
- (7) Bond Purchase Agreement with Bank of America
- (8) Bond Purchase Agreement with JP Morgan
- (9) Continuing Disclosure Agreement
- (10) Amended and Restated CDTF A Agreement re Measure A
- (11) Measure W Sales Tax Transfer Agreement
- (12) Loan Agreement
- (13) First Amendment to Coop Funding Agreement (TA-JPA)

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INDENTURE

between

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee

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Dated as of July 1, 2020

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Relating to

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

SENIOR SALES TAX REVENUE BONDS  
(LIMITED TAX BONDS)

and

SUBORDINATE SALES TAX REVENUE BONDS  
(LIMITED TAX BONDS)

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## TABLE OF CONTENTS

	Page
ARTICLE I      EQUALITY OF SECURITY; DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS .....	3
Section 1.01      Equality of Security .....	3
Section 1.02      Definitions.....	3
Section 1.03      Content of Certificates .....	22
ARTICLE II      THE BONDS .....	23
Section 2.01      Authorization of Bonds.....	23
Section 2.02      Terms of the Bonds .....	23
Section 2.03      Form of Bonds .....	24
Section 2.04      Execution of Bonds.....	24
Section 2.05      Transfer of Bonds .....	24
Section 2.06      Exchange of Bonds .....	25
Section 2.07      Bond Register.....	25
Section 2.08      Temporary Bonds.....	25
Section 2.09      Bonds Mutilated; Lost; Destroyed or Stolen .....	25
Section 2.10      Use of Securities Depository .....	26
ARTICLE III      ISSUANCE OF BONDS .....	27
Section 3.01      Issuance of Bonds .....	27
Section 3.02      Issuance of Senior Bonds.....	28
Section 3.03      Proceedings for Issuance of Senior Bonds.....	29
Section 3.04      Issuance of Senior Refunding Bonds.....	29
Section 3.05      Issuance of Additional Subordinate Bonds.....	31
Section 3.06      Proceedings for Issuance of Additional Subordinate Bonds.....	32
Section 3.07      Issuance of Subordinate Refunding Bonds.....	33
Section 3.08      Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Senior Obligations; Subordinate Obligations.....	35
Section 3.09      Calculation of Maximum Annual Debt Service with Respect to Bonds, Senior Obligations and Subordinate Obligations.....	36
Section 3.10      Application of Proceeds.....	37
ARTICLE IV      REDEMPTION, TENDER AND PURCHASE OF BONDS.....	37
Section 4.01      Terms of Redemption, Tender and Purchase.....	37
Section 4.02      Notice of Redemption.....	37
Section 4.03      Partial Redemption of Bonds .....	38
Section 4.04      Effect of Redemption.....	38
ARTICLE V      SALES TAX REVENUES .....	38
Section 5.01      Pledge of Revenues; Revenue Fund .....	38
Section 5.02      Allocation of Sales Tax Revenues .....	39
Section 5.03      Application of Senior Interest Fund.....	45
Section 5.04      Application of Senior Principal Fund .....	45
Section 5.05      Establishment, Funding and Application of Senior Bond Reserve Funds.....	46

## TABLE OF CONTENTS

	<b>Page</b>
Section 5.06	Application of Subordinate Interest Fund..... 49
Section 5.07	Application of Subordinate Principal Fund ..... 49
Section 5.08	Establishment, Funding and Application of Subordinate Bond Reserve Funds ..... 50
Section 5.09	[reserved] ..... 53
Section 5.10	Application of Fees and Expenses Fund..... 53
Section 5.11	Application of Redemption Fund..... 53
Section 5.12	Rebate Fund ..... 54
Section 5.13	Payment Provisions Applicable to Interest Rate Swap Agreements ..... 55
Section 5.14	Investment in Funds and Accounts ..... 55
<b>ARTICLE VI</b>	<b>COVENANTS OF THE AUTHORITY ..... 57</b>
Section 6.01	Punctual Payments ..... 57
Section 6.02	Extension of Payment of Bonds..... 57
Section 6.03	Waiver of Laws..... 57
Section 6.04	Further Assurances..... 57
Section 6.05	Against Encumbrances..... 57
Section 6.06	Accounting Records and Financial Statements..... 57
Section 6.07	Collection of Sales Tax Revenues ..... 58
Section 6.08	Tax Covenants ..... 58
Section 6.09	Continuing Disclosure ..... 59
<b>ARTICLE VII</b>	<b>EVENTS OF DEFAULT AND REMEDIES ..... 60</b>
Section 7.01	Events of Default ..... 60
Section 7.02	Application of the Revenues and Other Funds After Default; No Acceleration ..... 61
Section 7.03	Trustee to Represent Bondholders ..... 62
Section 7.04	Bondholders’ Direction of Proceedings..... 62
Section 7.05	Limitation on Bondholders’ Right to Sue..... 63
Section 7.06	Absolute Obligation of the Authority ..... 63
Section 7.07	Termination of Proceedings..... 63
Section 7.08	Remedies Not Exclusive..... 64
Section 7.09	No Waiver of Default..... 64
Section 7.10	Credit Provider Directs Remedies Upon Event of Default..... 64
<b>ARTICLE VIII</b>	<b>THE TRUSTEE ..... 64</b>
Section 8.01	Appointment; Duties Immunities and Liabilities of Trustee ..... 64
Section 8.02	Accounting Records and Monthly Statements..... 66
Section 8.03	Merger or Consolidation..... 66
Section 8.04	Liability of Trustee ..... 67
Section 8.05	Right of Trustee to Rely on Documents and Opinions ..... 69
Section 8.06	Compensation and Indemnification of Trustee..... 70
<b>ARTICLE IX</b>	<b>MODIFICATION OR AMENDMENT OF THIS INDENTURE..... 70</b>
Section 9.01	Amendments Permitted..... 70
Section 9.02	Effect of Supplemental Indenture ..... 73

## TABLE OF CONTENTS

	<b>Page</b>
Section 9.03	Endorsement of Bonds; Preparation of New Bonds ..... 73
Section 9.04	Amendment of Particular Bonds..... 74
ARTICLE X	DEFEASANCE..... 74
Section 10.01	Discharge of Indenture..... 74
Section 10.02	Discharge of Liability on Bonds ..... 75
Section 10.03	Deposit of Money or Securities ..... 75
Section 10.04	Payment of Bonds After Discharge of Indenture..... 76
ARTICLE XI	MISCELLANEOUS ..... 76
Section 11.01	Liability, of Authority Limited to Sales Tax Revenues ..... 76
Section 11.02	Successor Is Deemed Included in All References to Predecessor ..... 76
Section 11.03	Limitation of Rights ..... 77
Section 11.04	Waiver of Notice ..... 77
Section 11.05	Destruction or Delivery of Canceled Bonds ..... 77
Section 11.06	Severability of Invalid Provisions..... 77
Section 11.07	Notice to Authority and Trustee ..... 77
Section 11.08	Evidence of Rights of Bondholders ..... 78
Section 11.09	Disqualified Bonds..... 78
Section 11.10	Money Held for Particular Bonds ..... 78
Section 11.11	Funds and Accounts ..... 79
Section 11.12	Limitations on Rights of Credit Providers, Credit Enhancement Provider. Reserve Facility Providers..... 79
Section 11.13	Article and Section Headings and References ..... 79
Section 11.14	Waiver of Personal Liability..... 80
Section 11.15	Governing Law ..... 80
Section 11.16	Business Day..... 80
Section 11.17	Effective Date of Indenture..... 80
Section 11.18	Execution in Counterparts..... 80

## **INDENTURE**

This INDENTURE, dated as of July 1, 2020 (as more fully defined in Section 1.02, the “Indenture”), between the SAN MATEO COUNTY TRANSPORTATION AUTHORITY, a public entity duly established and existing under the laws of the State of California (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”);

### **WITNESSETH:**

WHEREAS, in 1988, the Board of Supervisors of the County of San Mateo (the “County”) adopted Ordinance No. 03135, titled the San Mateo County Transportation Authority Ordinance (the “1988 Ordinance”), which was later approved by majority vote of the electors of the County on June 7, 1988 through a ballot measure known as “Measure A,” pursuant to the provisions of Sections 131100 through 131122, inclusive, of the Public Utilities Code of the State of California, providing for the imposition of a retail transactions and use tax applicable in the incorporated and unincorporated territory of the County in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code at the rate of one-half of one percent (1/2%) for a period of twenty (20) years, with proceeds of the tax to be used for transportation purposes as specified in Measure A (the “Measure A Sales Tax”);

WHEREAS, the 1988 Ordinance further provided for the creation of the Authority as the entity to impose the Measure A Sales Tax;

WHEREAS, the original term of the Measure A Sales Tax commenced on January 1, 1989 and was scheduled to end on December 31, 2008;

WHEREAS, in order to provide for the extension of the initial term of the Measure A Sales Tax for a period of twenty-five (25) years, the County adopted Ordinance No. 04223, titled the 2004 San Mateo County Transportation Authority Ordinance (the “Sales Tax Extension Ordinance”) on May 28, 2004, extending the term of the Measure A Sales Tax to December 31, 2033;

WHEREAS, by its terms the Sales Tax Extension Ordinance became effective on November 3, 2004, the day following the date of the election at which the proposition providing for the extension of the Measure A Sales Tax was approved by at least two-thirds of the electors voting on such proposition;

WHEREAS, on November 6, 2018, two-thirds of the electors of the County approved a ballot measure known as Measure W, authorizing the San Mateo County Transit District (the “District”) to impose a retail transactions and use tax applicable in the incorporated and unincorporated territory of the County in accordance with the provisions of Part 1.6 of Division 2 of Revenue and Taxation Code at the rate of one-half of one percent (1/2%) for a period of thirty (30) years, beginning on July 1, 2019 and ending June 30, 2049, with proceeds of the tax to be used for transportation purposes as specified in Measure W (the “District’s Measure W Sales Tax”);

WHEREAS, pursuant to the [Measure W Sales Tax Transfer Agreement], dated \_\_\_\_\_, 2020, between the District and the Authority, the District has irrevocably agreed that the Authority shall be entitled to receive one-half of the net proceeds of the District's Measure W Sales Tax, as and when distributed, for its entire duration;

WHEREAS, pursuant to Section 131109 of the California Public Utilities Code, the Authority is authorized to issue limited tax bonds, secured by and payable from revenues of the Measure A Sales Tax and the Authority's portion of the District's Measure W Sales Tax;

WHEREAS, the Authority has determined to enter into this Indenture and one or more Supplemental Indentures (collectively, the "Indenture") to provide for (i) the authentication and delivery of Senior Bonds entitled "San Mateo County Transportation Authority Senior Sales Tax Revenue Bonds (Limited Tax Bonds)," to establish and declare the terms and conditions upon which the Senior Bonds and other obligations secured by Revenues and other sources of funds shall be issued and secured and to secure the payment of the principal, premium (if any), and interest on the Senior Bonds and other obligations secured by Sales Tax Revenues on a parity with the Senior Bonds (as more fully defined in Section 1.02, the "Senior Obligations"); (ii) the authentication and delivery of Subordinate Bonds entitled "San Mateo County Transportation Authority Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds)," to establish and declare the terms and conditions upon which the Subordinate Bonds shall be issued and secured and to secure the payment of the principal, premium (if any), and interest on the Subordinate Bonds and other obligations secured by Sales Tax Revenues on a parity with the Subordinate Bonds (as more fully defined in Section 1.02, the "Subordinate Obligations") (such Senior Bonds and Subordinate Bonds to be referred to collectively herein as "Bonds");

WHEREAS, the execution and delivery of this Indenture has in all respects been duly and validly authorized by a resolution duly passed and approved by the Authority; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued, authenticated and delivered hereunder, to secure the payment of Senior Obligations and Subordinate Obligations in accordance with terms hereof and to provide the terms and conditions under which all property, rights and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby agree and covenant with the Trustee for the benefit of the respective owners, from time to time, of the Bonds, or any part thereof, and for the benefit of the holders of Senior Obligations and Subordinate Obligations, in accordance with terms hereof, as follows:

**ARTICLE I**  
**EQUALITY OF SECURITY; DEFINITIONS;**  
**CONTENT OF CERTIFICATES AND OPINIONS**

**SECTION 1.01 Equality of Security.** In consideration of the acceptance of the Senior Bonds and Senior Obligations by the owners thereof from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the owners from time to time of the Senior Bonds and Senior Obligations and the covenants and agreements herein set forth to be performed by or on behalf of the Authority or the Trustee shall be for the equal and proportionate benefit, security and protection of all owners of the Senior Bonds and Senior Obligations, without preference, priority or distinction as to security or otherwise of any of the Senior Bonds or Senior Obligations over any of the others by reasons of the Series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security being provided for the benefit of a particular Series of Senior Bonds or particular Senior Obligations under any supplement to this Indenture.

In consideration of the acceptance of the Subordinate Bonds and Subordinate Obligations by the owners thereof from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the owners from time to time of the Subordinate Bonds and Subordinate Obligations and the covenants and agreements herein set forth to be performed by or on behalf of the Authority or the Trustee shall be for the equal and proportionate benefit, security and protection of all owners of the Subordinate Bonds and Subordinate Obligations, without preference, priority or distinction as to security or otherwise of any of the Subordinate Bonds or Subordinate Obligations over any of the others by reasons of the Series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security being provided for the benefit of a particular Series of Subordinate Bonds or particular Subordinate Obligations under any supplement to this Indenture.

Notwithstanding the foregoing, the security and remedies provided hereunder to owners of the Subordinate Bonds and Subordinate Obligations shall be in all respects junior and subordinate to the security and remedies provided hereunder to owners of the Senior Bonds and Senior Obligations.

**SECTION 1.02 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“**Accreted Value**” means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value at any date shall be the amounts set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.



**“Accreted Value Table”** means the table denominated as such which appears as an exhibit to, and to which reference is made in, a Supplemental Indenture providing for a Series of Capital Appreciation Bonds issued pursuant to such Supplemental Indenture.

**“Act”** means the Bay Area County Traffic and Transportation Funding Act, Division 12.5 (Section 131000 et seq.) of the Public Utilities Code of the State as now in effect and as it may from time to time hereafter be amended or supplemented.

**“Alternate Credit Enhancement”** means, with respect to a Series of Bonds, any Insurance, letter of credit, line of credit, surety bond or other instrument, if any, which secures or guarantees the payment of principal of and interest on, and the purchase price of, a Series of Bonds, issued by an insurance company, commercial bank, pension fund or other financial institution, and delivered or made available to the Trustee, as a replacement or substitution for any Credit Enhancement then in effect.

**“Alternate Credit Facility”** means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, which secures or guarantees the payment of the purchase price of a Series of Bonds, issued by a commercial bank, insurance company, pension fund or other financial institution, and delivered or made available to the Trustee, as a replacement or substitute for any Credit Facility then in effect.

**“Annual Debt Service”** means, for any Fiscal Year, the aggregate amount (without duplication) of principal and interest on all Bonds and Senior Obligations becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Debt Service.

**“Assumed Debt Service”** means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Bonds if each Excluded Principal Payment were amortized on a substantially level debt service basis for a period commencing [on the date of calculation of such Assumed Debt Service][on the stated maturity or payment date of such Excluded Principal Payment] and ending on the earlier of (i) the date specified by the Authority not exceeding thirty (30) years from the date of calculation, or (ii) the Tax Expiration Date, such Assumed Debt Service to be calculated on a level debt service basis, based on a fixed interest rate equal to the rate at which the Authority could borrow for such period, as set forth in a certificate of a financial advisor or investment banker, delivered to the Trustee, who may rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation.

**“Authority”** means the San Mateo County Transportation Authority, a public entity of the State, duly organized and existing under the Act.

**“Authorized Representative”** means the Chair of the Board of Directors, the General Manager, the Deputy General Manager, the Chief Financial Officer, the Treasurer or any other person designated to act on behalf of the Authority by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by an Authorized Representative.

**“BART”** means the San Francisco Bay Area Rapid Transit District.

**“BART Three Party Agreement”** means the Three Party Agreement for Distribution of San Mateo County Measure A Funds to Support Existing San Mateo County/SFO BART Extension, dated as of April 27, 2007, among the Authority, the District and BART.

**“Beneficial Owner”** means any Person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bond, including, without limitation, any Person holding Bonds through nominees or depositories, including the Securities Depository.

**“Board”** means the Board of Directors of the Authority.

**“Bond Obligation”** means, as of any given date of calculation, (1) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond, and (2) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof.

**“Bondholder”** or **“Holder”**, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

**“Bonds”** means, collectively, Senior Bonds and Subordinate Bonds.

**“Business Day”** means, except as is otherwise provided in the Supplemental Indenture pursuant to which a Series of Bonds are issued, any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State, the State of New York or the jurisdiction in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed, or (2) for purposes of payments and other actions relating to Bonds secured by a Credit Enhancement or supported by a Credit Facility, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the Credit Enhancement or Credit Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed, or (3) a day on which the New York Stock Exchange is closed.

**“Capital Appreciation Bonds”** means the Bonds of any Series designated as Capital Appreciation Bonds in the Supplemental Indenture providing for the issuance of such Series of Bonds and on which interest is compounded and paid at maturity or on prior redemption.

**“CDTFA”** means the California Department of Tax and Fee Administration, and any successor.

**“Certificate,” “Statement,” “Request,” “Requisition”** and **“Order”** of the Authority mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the Authority by an Authorized Representative. If and to the extent required by Section 1.03, each such instrument shall include the statements provided for in Section 1.03.

**“Closing Date”** means \_\_\_\_\_, 2020.

**“Code”** means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, or any successor to the Internal Revenue Code of 1986. Reference to any particular Code section shall, in the event of such a successor Code, be deemed to be reference to the successor to such Code section.

**“Continuing Disclosure Agreement”** means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Agreement, dated the date of issuance of such Series of Bonds, executed by the Authority and a Dissemination Agent, as the same may be supplemented, modified or amended in accordance with its terms.

**“Corporate Trust Office”** or corporate trust office means the corporate trust office of the Trustee at The Bank of New York Mellon Trust Company, N.A., \_\_\_\_\_, Attention: Corporate Trust, or such other or additional offices as may be designated by the Trustee from time to time.

**“Costs of Issuance”** means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution, sale and delivery of a Series of Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning such Series of Bonds, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, surety, insurance, credit enhancement and liquidity costs, termination fees payable in connection with the termination of an Interest Rate Swap Agreement in connection with the delivery of such Series of Bonds, and any other cost, charge or fee in connection with the initial delivery of a Series of Bonds or any Senior Obligations delivered in connection with a Series of Bonds.

**“Costs of Issuance Fund”** means a fund by that name established pursuant to the provisions of a Supplemental Indenture to pay Costs of Issuance with respect to a Series of Bonds being issued pursuant to such Supplemental Indenture.

**“Costs of the Project”** means all items of expense related to the Project and directly or indirectly payable by or reimbursable to the Authority in accordance with the Act and the Ordinance.

**“Counterparty”** means an entity which has entered into an Interest Rate Swap Agreement with the Authority.

**“County”** means the County of San Mateo, California.

**“Credit Enhancement”** means, with respect to a Series of Bonds, any Insurance, letter of credit, line of credit, surety bond or other instrument, if any, which secures or guarantees the payment of principal of and interest on a Series of Bonds, issued by an insurance company, commercial bank or other financial institution, and delivered or made available to the Trustee, as from time to time supplemented or amended pursuant to its terms, or, in the event of the delivery or availability of Alternate Credit Enhancement, such Alternate Credit Enhancement.

**“Credit Enhancement Agreement”** means, with respect to any Credit Enhancement then in effect, the separate agreement, if any, under and pursuant to which such Credit Enhancement is issued.

**“Credit Facility”** means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility securing or guaranteeing the payment of purchase price of such Series of Bonds and issued by a commercial bank, insurance company, pension fund or other financial institution, and delivered or made available to the Trustee, as from time to time supplemented or amended pursuant to its terms, or, in the event of the delivery or availability of an Alternate Credit Facility, such Alternate Credit Facility.

**“Credit Facility Agreement”** means with respect to any Credit Facility then in effect, the separate agreement, if any, under and pursuant to which such Credit Facility is issued.

**“Credit Facility Bonds”** means any Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Credit Facility, but excluding any Bonds no longer considered to be Credit Facility Bonds in accordance with the terms of the applicable Credit Facility.

**“Credit Facility Provider”** means, with respect to a Series of Bonds, the commercial bank, insurance company, pension fund or other financial institution issuing (or having primary obligation, or acting as agent for the financial institutions obligated, under) a Credit Facility then in effect with respect to such Series of Bonds.

**“Credit Facility Rate”** means, with respect to a Series of Bonds, the interest rate per annum, if any, specified as applicable to Credit Facility Bonds in the Credit Facility delivered in connection with such Series of Bonds.

**“Credit Enhancement Provider”** means, with respect to a Series of Bonds, the Insurer, commercial bank or other financial institution issuing (or having primary obligation, or acting as agent for the financial institutions obligated, under) a Credit Enhancement then in effect with respect to such Series of Bonds.

**“Current Interest Bonds”** means the Bonds of any Series designated as Current Interest Bonds in the Supplemental Indenture providing for the issuance of such Series of Bonds and that pay interest to the Holders thereof on a periodic basis prior to maturity.

**“Debt Service,”** when used with respect to any Bonds, Senior Obligations or Subordinate Obligations (for purposes of this definition of “Debt Service,” herein collectively referred to as “Obligations”), means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest falling due on such Obligations during such Fiscal Year and (2) the principal or Mandatory Sinking Account Payments required with respect to such Obligations during such Fiscal Year; computed on the assumption that no portion of such Obligations, shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such computation:

(A) Excluded Principal Payments (and the interest related thereto provided such interest is being paid from the same source as the Excluded Principal Payments) shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(B) in determining the principal amount due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or

amortization) be assumed to be made in accordance with any amortization schedule established for such Obligations, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Obligations on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond;

(C) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and the interest on which is excluded or expected to be excluded from gross income for federal income tax purposes, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average of the SIFMA Swap Index for the five (5) years preceding such date of calculation;

(D) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and the interest on which is included or expected to be included in gross income for federal income tax purposes, the interest rate on such Obligations shall be calculated at an interest rate equal to 100% of the average One Month USD LIBOR Rate during the five (5) years preceding such date of calculation;

(E) with respect to any Obligations bearing interest, or expected to bear interest, at a variable interest rate for which an Interest Rate Swap Agreement is in place providing for a fixed rate of interest to maturity or for a specific term with respect to such Obligations, the interest rate on such Obligations shall be assumed to be the synthetic fixed interest rate specified in such Interest Rate Swap Agreement for such term; provided that if, pursuant to a Certificate of the Authority filed with the Trustee, the sum of (i) interest payable on such Obligations, plus (ii) amounts payable by the Authority under such Interest Rate Swap Agreement, less (iii) amounts receivable by the Authority under such Interest Rate Swap Agreement, is expected to be greater than the interest payable on the Obligations to which such Interest Rate Swap Agreement relates (i.e., if such Interest Rate Swap Agreement is an "off-market" Interest Rate Swap Agreement), then, in such instance, such excess amounts payable by the Authority under such Interest Rate Swap Agreement shall be included in the calculation of Debt Service;

(F) with respect to any Obligations bearing interest, or expected to bear interest, at a fixed interest rate for which an Interest Rate Swap Agreement is in place providing for a net variable interest rate with respect to such Obligations for a specific term, the interest rate on such Obligations shall be assumed to be equal for such term to the sum of (i) the fixed interest rate or rates to be paid on the Obligations, minus (ii) the fixed interest rate receivable by the Authority under such Interest Rate Swap Agreement, plus (iii) the average interest rate of the index on which the Interest Rate Swap Agreement is based, as identified in a Certificate of the Authority, or, if not based on an identifiable index, then the SIFMA Swap Index, in each case, over the five (5) years preceding the date of calculation;

(G) if any Obligations feature an option, on the part of the owners or an obligation under the terms of such Obligations, to tender all or a portion of such Obligations to the Authority, the Trustee or other fiduciary or agent, and requires that such Obligations or portion thereof be

purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Obligations, the options or obligations of the owners of such Obligations to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity; and

(H) principal and interest payments on Obligations shall be excluded to the extent such payments are to be paid from Revenues then held on deposit by the Trustee or from other amounts on deposit with the Trustee or other fiduciary in escrow specifically therefor and interest payments shall be excluded to the extent that such interest payments are to be paid from the proceeds of Obligations held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest.

**“Defeasance Securities”** means: (i) U.S. Treasury Certificates, Notes and Bonds, including State and Local Government Series securities; (ii) direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury itself; (iii) Resolution Funding Corp. securities (“REFCORP”), provided, however, only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable; (iv) pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided, however, that if such municipal bonds are rated only by S&P, then such pre-refunded municipal bonds must have been pre-refunded with cash, direct United States or United States guaranteed obligations, or “AAA” rated pre-refunded municipal bonds; (v) obligations issued by the following agencies, which are backed by the full faith and credit of the United States: (a) Farmers Home Administration (FmHA) - certificates of beneficial ownership; (b) General Services Administration - participation certificates; (c) U.S. Maritime Administration - Guaranteed Title XI financing; (d) Small Business Administration guaranteed participation certificates and guaranteed pool certificates; (e) GNMA guaranteed MSB and participation certificates; and (f) U.S. Department of Housing and Urban Development (HUD) Local Authority Bonds, or (vi) certain obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States limited to: (a) Federal Home Loan Mortgage Corp. (FHLMC) debt obligations; (b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system wide bonds and notes; (c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; (d) Federal National Mortgage Association (FNMA) debt obligations; (e) Student Loan Marketing Association (SLMA) debt obligations; and (f) Financing Corp. (FICO) debt obligations; and (g) other obligations approved by the Rating Agencies for defeasance escrows rated in the highest Rating Category.

**“Dissemination Agent”** means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the dissemination agent under the Continuing Disclosure Agreement delivered in connection with such Series of Bonds, or any successor dissemination agent designated in writing by the Authority and which has entered into a Continuing Disclosure Agreement with the Authority.

**“District”** means the San Mateo County Transit District.

**“District Ordinance”** means the “2018 San Mateo County Transit District Retail Transactions and Use Tax Ordinance” adopted by the Board of Directors of the District and

approved by at least two-thirds of the voters of the County at an election held on November 6, 2018.

**“District’s Measure W Sales Tax Revenues”** means the amounts available for distribution to the District on account of the retail transactions and use tax imposed in the County pursuant to the District Ordinance after deducting amounts payable by the District to the CDTFA for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the District Ordinance.

**“DTC”** means The Depository Trust Company, New York, New York, or any successor thereto.

**“Dual Sales Tax Period”** means the period from the Closing Date to the earlier of (i) the date that the Measure A Sales Tax terminates or (ii) the date that the Measure W Sales Tax terminates.

**“Electronic Means”** means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

**“Event of Default”** means any of the events specified in Section 7.01.

**“Excluded Principal Payments”** means each payment of principal of Bonds or Senior Obligations which the Authority determines (in the Certificate of the Authority) that the Authority intends to pay with moneys that are not Sales Tax Revenues (such as commercial paper, balloon indebtedness or bond anticipation notes) but from future debt obligations of the Authority, grants from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the, Authority, upon which determination of the Authority the Trustee may conclusively rely. No such determination shall affect the security for such Bonds or the obligation of the Authority to pay such payments from Sales Tax Revenues or amounts on deposit in the Bond Reserve Fund, if any. No payment of principal of Bonds may be determined to be an Excluded Principal Payment unless it is due on or prior to the Tax Expiration Date.

**“Fees and Expenses”** means those fees and expenses payable by the Authority under any Credit Enhancement, Credit Enhancement Agreement, Credit Facility or Credit Facility Agreement, or such other fees and expenses as may be defined in any Supplemental Indenture.

**“Fees and Expenses Fund”** means the fund by that name established pursuant to Section 5.02.

**“Fiscal Year”** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other 12-month period hereafter selected and designated as the official fiscal year period of the Authority, which designation shall be provided to the Trustee in a Certificate delivered by the Authority.

**“Fitch”** means Fitch Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating

agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**Highest Priority Obligations**” means, as of any date, Senior Bonds unless and until there are no Senior Bonds Outstanding, in which case it means Subordinate Bonds.

“**Holder**” or “**Bondholder**,” whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

“**Indenture**” means this Indenture, dated as of July 1, 2020, between the Trustee and the Authority, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions hereof.

“**Index Agent**” means such Person designated by the Authority to act as the Index Agent.

“**Insurance**” means any financial guaranty insurance policy or municipal bond insurance policy issued by an Insurer insuring the payment when due of principal of and interest on a Series of Bonds as provided in such financial guaranty insurance policy or municipal bond insurance policy.

“**Insurer**” means any provider of Insurance with respect to a Series of Bonds.

“**Interest Fund**” means the fund by that name established pursuant to Section 5.02.

“**Interest Payment Date**,” with respect to each Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“**Interest Rate Swap Agreement**” means an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security, however denominated, entered into between the Authority and a Counterparty, in connection with or incidental to, the issuance or carrying of Bonds, including, without limitation, an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security entered into in advance of the issuance of Bonds.

“**Investment Securities**” means the following:

(1) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (3) below to the extent unconditionally guaranteed by the United States of America;

(2) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (1);



(3) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(4) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(5) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that at the time of their purchase such obligations are rated in either of the three highest long-term or highest short-term Rating Categories by either Moody's or S&P;

(6) any bonds or other obligations of any state of the United States of America or any political subdivision thereof which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (1) or (2) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (a) as to which the principal of and interest on the bonds and obligations of the character described above in clause (1) or (2) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations, described in this clause (6) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates thereof, as appropriate, and (b) which have been rated in one of the three highest long-term Rating Categories by Moody's or S&P;

(7) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by either Moody's or S&P in their respective highest short-term Rating Category, or, if the term of such indebtedness is longer than three (3) years, rated by either Moody's or S&P in one of their respective three highest long-term Rating Categories, for comparable types of debt obligations;

(8) demand or time deposits or certificates of deposit, including interest bearing money market accounts, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee and its affiliates), provided that such certificates of deposit shall be purchased directly from such a bank, trust company or national banking association and shall be either (a) continuously and fully insured by the

Federal Deposit Insurance Corporation, or (b) continuously and fully secured by such securities and obligations as are described above in clauses (1) through (5), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(9) taxable commercial paper, other than that issued by bank holding companies, or tax-exempt commercial paper rated at the time of purchase in the highest Rating Category by either Moody's or S&P;

(10) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest Rating Category for its short-term rating, if any, and in either of the three highest Rating Categories for its long-term rating, if any, by either Moody's or S&P, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligation by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in either of the three highest long-term Rating Categories by either Moody's or S&P;

(11) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) having a minimum permanent capital of one hundred million dollars (\$100,000,000) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clauses (1), (2), (3) or (4) above, which shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall be lodged with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an amount equal to the principal amount of each such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking;

(12) any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (1), (2),

(3), (4), (5) and (11) of this definition of Investment Securities and any money market fund, the entire investments of which are limited to investments described in clauses (1), (2), (3), (4), (5) and (11) of this definition of Investment Securities; provided that as used in this clause (12) and clause (13) investments will be deemed to satisfy the requirements of clause (11) if they meet the requirements set forth in clause (11) ending with the words “clauses (1), (2), (3) or (4) above” and without regard to the remainder of such clause (11); cash sweeps and similar account arrangements may include funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(13) any investment agreement with a financial institution or insurance company which: (a) has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in either of the three highest long-term Rating Categories by either Moody’s or S&P; or (b) is fully secured by obligations described in items (1), (2), (3) or (4) of the definition of Investment Securities which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Trustee or other custodian acceptable to the Trustee, (C) subject to a perfected first lien in the Trustee, and (D) free and clear from all third party liens;

(14) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (1) through (13) of this definition of Investment Securities and which companies have either the highest rating by either Moody’s or S&P or have an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years’ experience investing in such securities and obligations and with assets under management in excess of \$500,000,000;

(15) shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(16) bankers’ acceptances issued by domestic which may include the Trustee and its affiliates or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by either Moody’s or S&P, which purchases may not exceed two hundred seventy (270) days maturity;

(17) the pooled investment fund of the County of San Mateo, California, which is administered in accordance with the investment policy of said County as established by the Treasurer/Tax Collector thereof, as permitted by Section 53601 of the Government Code of the State, copies of which policy are available upon written request to said Treasurer/Tax Collector;

(18) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to this Indenture; and

(19) Any other forms of investments, including repurchase agreements, approved in writing by each Credit Enhancement Provider and Credit Provider then providing Credit Enhancement or a Credit Facility for a Series of Bonds.

Ratings of Investment Securities shall be determined at the time of purchase of such Investment Securities and without regard to ratings subcategories.

“**Law**” means the Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 et seq.) of the Government Code of the State, in each case as now in effect and as it may from time to time hereafter be amended or supplemented.

“**Letter of Credit Account**” means an account by that name established to hold funds that are drawn on Credit Enhancement provided in the form of a letter of credit and that are to be applied to pay the principal of or interest on, or the purchase price of, a Series of Bonds, which account shall be established pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“**Mandatory Sinking Account Payment**” means, with respect to Bonds of any Series and maturity, the amount required by the Supplemental Indenture establishing the terms and provisions of such Series of Bonds to be deposited by the Authority in a Sinking Account for the payment of Term Bonds of such Series and maturity.

“**Maturity Date**” means, with respect to a Series of Bonds, the date of maturity or maturities specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“**Maximum Annual Debt Service**” means, (i) with respect to the Senior Bonds, the maximum amount of Annual Debt Service becoming due and payable on all Senior Bonds Outstanding and all Senior Obligations outstanding during the period from the date of such calculation through the final maturity date of the Senior Bonds and Senior Obligations, calculated utilizing the assumptions set forth under the definition of Debt Service, and (ii) with respect to the Subordinate Bonds, the maximum amount of Annual Debt Service becoming due and payable on all Bonds Outstanding and all Senior Obligations and Subordinate Obligations outstanding during the period from the date of such calculation through the final maturity date of the Bonds, Senior Obligations and Subordinate Obligations, calculated utilizing the assumptions set forth under the definition of Debt Service

“**Maximum Interest Rate**” means, with respect to all Bonds other than Credit Facility Bonds, the lesser of (i) twelve percent (12%) and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time, and means, with respect to Credit Facility Bonds, the lesser of (x) the Credit Facility Rate and (iii) the maximum rate of interest that may legally be paid on the Credit Facility Bonds from time to time.

“**Measure A Sales Tax**” means the retail transactions and use tax authorized under the Ordinance.

“**Measure A Sales Tax Revenues**” means the amounts available for distribution to the Authority on account of the retail transactions and use tax imposed in the County pursuant to the

Act and the Ordinance after deducting amounts payable by the Authority to the CDTFA for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Act and the Ordinance.

**“Measure W Sales Tax”** means the retail transactions and use tax authorized under the District Ordinance.

**“Measure W Sales Tax Revenues”** means the portion of the District’s Measure W Sales Tax received by the Authority pursuant to the District Ordinance and the [Measure W Sales Tax Transfer Agreement].

**“[Measure W Sales Tax Transfer Agreement]”** means the [Measure W Sales Tax Transfer Agreement], dated \_\_\_\_\_, 2020, between the District and the Authority, providing for the Authority to receive one-half of the net proceeds of the District’s Measure W Sales Tax Revenues.

**“Moody’s”** means Moody’s Investors Service, a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

**“1988 Ordinance”** means Ordinance No. 03135, the “San Mateo County Transportation Authority Ordinance,” adopted by the Board of Supervisors of the County and approved by a majority of the voters of the County at an election held on June 7, 1988.

**“Notice Parties”** means, as and to the extent applicable, the Authority, the Trustee, the Credit Provider, if any, for the Series of Bonds to which the notice being given relates, the auction agent, if any, for the Series of Bonds to which the notice being given relates, the broker- dealer, if any, for the Series of Bonds to which the notice being given relates, the Credit Enhancement Provider, if any, for the Series of Bonds to which the notice being given relates, the Index Agent, if any, for the Series of Bonds to which the notice being given relates, and the remarketing agent, if any, for the Series of Bonds to which the notice being given relates.

**“Obligations”** has the meaning given to such term in the definition of “Debt Service.”

**“One Month USD LIBOR Rate”** means the rate for deposits in U.S. dollars for a one-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the date of determination of such rate, except that, if such rate does not appear on such page on such date, the One Month USD LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a one-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 a.m., London time, on such date, to prime banks in the London interbank market by three major banks in the London interbank market (herein referred to as the “Reference Banks”) selected by the Index Agent. The Index Agent or its agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the

One Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the One Month LIBOR Rate will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Index Agent or its agent, at approximately 11:00 a.m., New York City time, on such date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a one-month maturity. If none of the banks in New York City selected by the Index Agent or its agent is then quoting rates for such loans, then the One Month LIBOR Rate for the ensuing interest period will mean a comparable or successor rate selected by the Authority in its sole discretion and notified to the Trustee.

**“Opinion of Bond Counsel”** means a written opinion of a law firm of national standing in the field of public finance selected by the Authority.

**“Ordinance”** means, collectively, the 1988 Ordinance and the Sales Tax Extension Ordinance, and any amendments or extensions thereto, together with any future ordinance that is adopted pursuant to the Act from time to time and that is designated as an “Ordinance” hereunder pursuant to a Supplemental Indenture, as such future ordinance may be amended or extended pursuant to the Act from time to time.

**“Outstanding,”** when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred to in Section 11.10; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture; provided, however, that in the event the principal of or interest due on any Bonds shall be paid by the Credit Provider pursuant to the Credit Enhancement issued in connection with such Bonds, such Bonds shall remain Outstanding for all purposes and shall not be considered defeased or otherwise satisfied or paid by the Authority and the pledge of Revenues and all covenants, agreements and other obligations of the Authority to the Holders shall continue to exist and shall run to the benefit of such Credit Provider and such Credit Provider shall be subrogated to the rights of such Holders.

**“Participating Underwriter”** means any of the original underwriters of a Series of Bonds required to comply with Rule 15c2-12 adopted by the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**“Person”** means an association, corporation, firm, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

**“Principal Fund”** means the fund by that name established pursuant to Section 5.02.

**“Principal Office”** means, with respect to the Trustee, the Corporate Trust Office or such other or additional offices as may be designated by the Trustee from time to time, and means, with respect to a Credit Provider or a Credit Enhancement Provider, the office designated as such in writing by such party in a notice delivered to the Trustee and the Authority.

**“Project”** means transportation facility and public infrastructure improvements within the County of San Mateo permitted by the Ordinance and the Act, including, but not limited to, transportation and service improvements for highways, rail transit services, bus services, local streets and roads, bicycle and pedestrian facilities, community infrastructure to support smart growth development, environmental mitigation and enhancement projects, and the payment of all costs incidental to or connected with the accomplishment of such purposes, including, without limitation, costs of land acquisition, engineering, inspection, legal, fiscal agents, financial consultant and other fees, bond and other reserve funds, working capital, bond or note interest estimated to accrue during the construction period and for a period of not to exceed twelve months after completion of construction, and expenses for all proceedings for the authorization, issuance and sale of Bonds.

**“Project Fund”** means, with respect to any Series of Bonds, a fund by that name established pursuant to the provisions of a Supplemental Indenture to hold the proceeds of a Series of Bonds or a portion thereof prior to expenditure on the portion of the Project being financed with the proceeds of such Series of Bonds.

**“Proportionate Basis,”** when used with respect to the redemption of Bonds, means that the amount of Bonds of each maturity to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the amount of Bond Obligation of Bonds of such maturity bears to the amount of all Bond Obligation of Bonds to be redeemed, provided, however that, any Bond may only be redeemed in an authorized denomination. For purposes of the foregoing, Term Bonds shall be deemed to mature in the years and in the amounts of the Mandatory Sinking Account Payments, and Capital Appreciation Bonds and Current Interest Bonds maturing or subject to Mandatory Sinking Account Payments in the same year shall be treated as separate maturities. When used with respect to the payment or purchase of a portion of Bonds, “Proportionate Basis” shall have the same meaning set forth above except that “pay” or purchase” shall be substituted for “redeem” or “redemption” and “paid” or “purchased” shall be substituted for “redeemed.”

**“Purchase Fund”** means a fund by that name established to hold funds to be applied to pay the purchase price of a Series of Bonds, which fund shall be established pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**“Rating Agency”** means, as and to the extent applicable to a Series of Bonds, any of . Fitch, Moody’s or S&P then maintaining a rating on such Series of Bonds at the request of the Authority.

**“Rating Category”** means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

**“Rebate Fund”** means that fund by that name established pursuant to Section 5.12.

**“Rebate Instructions”** means, with respect to any Series of Bonds, those calculations and directions required to be delivered to the Trustee by the Authority pursuant to the Tax Certificate delivered in connection with such Series of Bonds.

**“Rebate Requirement”** means, with respect to any Series of Bonds, the Rebate Requirement determined by the Authority in accordance with the Tax Certificate delivered in connection with such Series of Bonds.

**“Record Date,”** with respect to each Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**“Redemption Fund”** means the fund by that name established pursuant to Section 5.11.

**“Redemption Price”** means, with respect to any Bond (or portion thereof) the Bond Obligation of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

**“Refunding Bonds”** means a Series of Bonds or a portion of a Series of Bonds issued pursuant to the provisions set forth in Section 3.04 or 3.07.

**“Reimbursement Obligations”** means, with respect to a Series of Bonds for which a Credit Enhancement or Credit Facility has been delivered, all obligations of the Authority under the related Credit Enhancement Agreement or Credit Facility Agreement, as applicable, to reimburse the Credit Provider or Credit Enhancement Provider thereunder, as applicable, for any draws or advances to pay the principal of and interest on, or the purchase price of, such Series of Bonds, together with accrued interest thereon under the terms of such Credit Enhancement Agreement or Credit Facility Agreement.

**“Repositories”** means the public or private entities designated as Repositories in a Continuing Disclosure Agreement entered into in connection with a Series of Bonds.

**“Reserve Facility”** means any insurance policy, letter of credit or surety bond issued by a Reserve Facility Provider, meeting the requirements set forth in Section 5.05, and delivered to the Trustee in satisfaction of all or a portion of the Bond Reserve Requirement applicable to one or more Series of Bonds.

**“Reserve Facility Provider”** means any issuer of a Reserve Facility.

**“Revenue Fund”** means the Revenue Fund established pursuant to Section 5.01.

**“Revenues”** means: (i) all Sales Tax Revenues; and (ii) all Swap Revenues. In accordance with the provisions set forth in Section 3.02, the Authority by Supplemental Indenture may provide for additional revenues or assets of the Authority to be included in the definition of Revenues hereunder.

**“Rule 15c2-12”** means Securities and Exchange Commission Rule 15c2-12, as supplemented and amended from time to time.



**“Sales Tax Extension Ordinance”** means the Ordinance No. 04223, the “2004 San Mateo County Transportation Authority Ordinance,” adopted by the Board of Supervisors of the County and approved by at least two-thirds of electors voting on such proposition in the November 2, 2004 election.

**“Sales Tax Revenues”** means, collectively, the Measure A Sales Tax Revenues and the Measure W Sales Tax Revenues.

**“Sales Tax Revenues (ABT Adjusted)”** means, collectively, (i) the Measure A Sales Tax Revenues less 2% thereof for so long as the BART Three Party Agreement remains in full force and effect and (ii) the Measure W Sales Tax Revenues less 20% thereof.

**“Securities Depository”** means DTC, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depository, or no such depositories, as the Authority may designate in a Request of the Authority delivered to the Trustee.

**“Senior Bond Reserve Fund”** means any fund by that name established with respect to one or more Series of Senior Bonds pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Senior Bonds.

**“Senior Bond Reserve Requirement”** with respect to a Series of Senior Bonds for which the Authority shall have established a Senior Bond Reserve Fund shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Senior Bonds.

**“Senior Bonds”** means the San Mateo County Transportation Authority Senior Sales Tax Revenue Bonds (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, this Indenture.

**“Senior Obligations”** means (i) any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money, (ii) any obligation to pay the Rebate Requirement, (iii) any Interest Rate Swap Agreement (excluding in each case Fees and Expenses and termination payments on Interest Rate Swap Agreements, which Fees and Expenses and termination payments shall be secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon Sales Tax Revenues that secures the Bonds, Senior Obligations and Subordinate Obligations) entered into in connection with a Series of Senior Bonds, in each case incurred in accordance with Section 3.08(C), and in each case having an equal lien and charge upon the Sales Tax Revenues and therefore being payable on a parity with the Senior Bonds (whether or not any Senior Bonds are Outstanding) and (iv) all Reimbursement Obligations owing to any Credit Provider under the related Credit Enhancement Agreement securing or supporting payment on a Series of Senior Bonds.

**“Senior Refunding Bonds”** means Senior Bonds that are Refunding Bonds.

**“Serial Bonds”** means Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

“**Series,**” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

“**SIFMA Swap Index**” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

“**Singular Factor**” means (i) if the Sales Tax Revenues consist solely of Measure A Sales Tax Revenues, [0.66], and (ii) if the Sales Tax Revenues consist solely of Measure W Sales Tax Revenues, [0.34].

“**Singular Sales Tax Period**” means the period from the end of the Dual Sales Tax Period to the Tax Expiration Date.

“**Sinking Account**” means an account by that name established in the Principal Fund pursuant to Section 5.04 for the payment of Term Bonds.

“**S&P**” means S&P Global Ratings, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**State**” means the State of California.

“**Subordinate Bond Reserve Fund**” means any fund by that name established with respect to one or more Series of Subordinate Bonds pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Subordinate Bonds.

“**Subordinate Bond Reserve Requirement**” with respect to a Series of Subordinate Bonds for which the Authority shall have established a Subordinate Bond Reserve Fund shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Subordinate Bonds.

“**Subordinate Bonds**” means the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, this Indenture.

“**Subordinate Obligations**” means (i) any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money, (ii) any Interest Rate Swap Agreement (excluding in each case Fees and Expenses and termination payments on Interest Rate Swap Agreements, which Fees and Expenses and termination payments shall be secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon Sales Tax Revenues

that secures the Bonds, Senior Obligations and Subordinate Obligations) entered into in connection with a Series of Subordinate Bonds, in each case incurred in accordance with Section 3.08(C), and in each case having an equal lien and charge upon the Sales Tax Revenues and therefore being payable on a parity with the Subordinate Bonds (whether or not any Subordinate Bonds are Outstanding), and (iii) all Reimbursement Obligations owing to any Credit Provider under the related Credit Enhancement Agreement securing or supporting payment on a Series of Subordinate Bonds.

**“Subordinate Obligations Fund”** means the fund by that name established pursuant to Section 5.02.

**“Subordinate Refunding Bonds”** means Subordinate Bonds that are Refunding Bonds.

**“Supplemental Indenture”** means any indenture hereafter duly executed and delivered, supplementing, modifying or amending this Indenture, but only if and to the extent that such supplemental indenture is authorized specifically hereunder.

**“Swap Revenues”** means all regularly-scheduled amounts (but not termination payments) owed or paid to the Authority by any Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Authority to such Counterparty under such Interest Rate Swap Agreement.

**“Tax Certificate”** means each Tax Certificate delivered by the Authority at the time of issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

**“Tax Expiration Date”** means the latest of (i) June 30, 2049, (ii) the date to which the levy of the Measure W Sales Tax is extended in accordance with the District Ordinance or (iii) the date to which the levy of the Measure A Sales Tax is extended in accordance with the Ordinance.

**“Term Bonds”** means Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

**“Trustee”** means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or its successor, as Trustee as provided in Section 8.01.

**“2020 Bonds”** means the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Bonds (Limited Tax Bonds), 2020 Series A and 2020 Series B authorized by, and at any time Outstanding pursuant to, this Indenture.

**“Variable Rate Indebtedness”** means any indebtedness, including Bonds, Senior Obligations, and Subordinate Obligations, the interest rate on which is not fixed at the time of incurrence of such indebtedness, and has not at some subsequent date been fixed, at a numerical rate or rates for the entire term of such indebtedness.

**SECTION 1.03 Content of Certificates.** Every certificate provided for in this Indenture with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such certificate has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate is based; (3) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, a financial advisor, an investment banker or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, a financial advisor, and investment banker or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, accountant, financial advisor, investment banker or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel, accountant financial advisor, investment banker or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants, financial advisors, investment bankers or independent consultants may certify to different matters, respectively.

## **ARTICLE II THE BONDS**

**SECTION 2.01 Authorization of Bonds.** Bonds may be issued hereunder as fully registered bonds without coupons, in book-entry form or otherwise, from time to time as the issuance thereof is approved by the Authority. The maximum principal amount of Bonds which may be issued hereunder is not limited; subject, however, to any limitations contained in the Law and to the right of the Authority, which is hereby reserved, to limit the aggregate principal amount of Bonds which may be issued or Outstanding hereunder. The Bonds are designated generally as "San Mateo County Transportation Authority Sales Tax Revenue Bonds" and shall include in the name "Limited Tax Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the Authority, subject to the covenants, provisions and conditions herein contained.

**SECTION 2.02 Terms of the Bonds.** The Bonds of each Series shall bear interest, if any, at such rate or rates or determined in such manner and payable at such intervals as may be determined by the Authority at the time of issuance thereof pursuant to the Supplemental Indenture under which issued, not to exceed the Maximum Interest Rate, and shall mature and become

payable on such date or dates and in such year or years as the Authority may determine by the Supplemental Indenture creating such Series. Principal of and interest on such Bonds shall be payable in such manner as may be specified in the Supplemental Indenture creating such Series. The Bonds of each Series shall be issued in such denominations as maybe. authorized by the Supplemental Indenture creating such Series.

Unless otherwise provided in the Supplemental Indenture delivered in connection with such Series of Bonds, the Bonds of each Series shall be initially registered in the name of “Cede & Co.,” as nominee of the Securities Depository and shall be evidenced by one bond certificate for each maturity of each Series of Bonds. Registered ownership of any Series of Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10, or in the event the use of the Securities Depository is discontinued, in accordance with the provisions set forth in Section 2.05.

**SECTION 2.03 Form of Bonds.** The Bonds of any Series shall be in such form or forms as may be specified in the Supplemental Indenture creating such Series.

**SECTION 2.04 Execution of Bonds.** The Bonds shall be executed in the name and on behalf of the Authority by the facsimile or manual signature of the Chairperson of the Authority and attested by the facsimile or manual signature of the Chief Financial Officer of the Authority. Unless otherwise provided in any Supplemental Indenture, the Bonds shall then be delivered to the Trustee for authentication by the Trustee. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Bond shall be the proper officers of the Authority although at the nominal date of such Bond any such person shall not have been such officer of the Authority.

Except as may be otherwise be provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form recited in the Supplemental Indenture creating such Series of Bonds, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of authentication when manually executed by the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**SECTION 2.05 Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.07, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of the same Series, tenor,

maturity and interest rate and a like aggregate principal amount; provided that, unless otherwise provided in any Supplemental Indenture, no registration of transfer may occur during the period established by the Trustee for selection of Bonds for redemption, or of any Bond or portion of a Bond, so selected for redemption. The Trustee shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including, without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

**SECTION 2.06 Exchange of Bonds.** Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, tenor, maturity and interest rate; provided that, unless otherwise provided in any Supplemental Indenture, no exchange may occur during the period established by the Trustee for selection of Bonds for redemption, or of any Bond or portion of a Bond so selected for redemption. The Trustee shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

**SECTION 2.07 Bond Register.** Unless otherwise provided in a Supplemental Indenture delivered in connection with a Series of Bonds, the Trustee will keep or cause to be kept, at its Corporate Trust Office sufficient books for the registration and transfer of each Series of Bonds, which shall at all times be open to inspection during normal business hours by the Authority and each Credit Provider upon reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

**SECTION 2.08 Temporary Bonds.** The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Authority, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds the Authority will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Series, tenor and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

**SECTION 2.09 Bonds Mutilated; Lost; Destroyed or Stolen.** If any Bond shall become mutilated, the Authority, at the expense of the Holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and interest rate in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by the Trustee and delivered to, or upon the Order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and to the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to both shall be given, the Authority, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and interest rate in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The Authority may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. Neither the Authority nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

**SECTION 2.10 Use of Securities Depository.** Unless otherwise provided in a Supplemental Indenture delivered in connection with a Series of Bonds, notwithstanding any provision of this Indenture to the contrary:

(A) The Bonds shall be delivered and registered as provided in Section 2.02. Registered ownership of any Series of Bonds, or any portion thereof, may not thereafter be transferred except:

(1) To any successor of the Securities Depository or its nominee, or to any substitute depository designated pursuant to clause (2) of this subsection (A) (each, a “substitute depository”); provided that any successor of the Securities Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository designated by the Authority upon (a) the resignation of the Securities Depository or its successor (or any substitute depository or its successor) from its functions as depository or (b) a determination by the Authority that the Securities Depository or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any Person as provided below, upon (a) the resignation of the Securities Depository or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository can be obtained or (b) a determination by the Authority that it is in the best interests of the Authority to remove the Securities Depository or its successor (or any substitute depository or its successor) from its functions as depository.

(B) In the case of any transfer pursuant to clause (1) or clause (2) of subsection (A) above, upon receipt of the Outstanding Bonds by the Trustee, together with a Statement of the Authority to the Trustee, a single new Bond for each maturity of each Series of Bonds then Outstanding shall be executed and delivered in the aggregate principal amount of the Bonds of such Series then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Statement of the Authority. In the case of any transfer pursuant to clause (3) of subsection (A) hereof, upon receipt of the Outstanding Bonds by the Trustee together with the Statement of the Authority to the Trustee, new Bonds of each Series then Outstanding shall be authorized and prepared by the Authority and authenticated and delivered by the Trustee in such authorized denominations and registered in the names of such Persons as are requested in such a Statement of the Authority, numbered in such manner as the Trustee shall determine, subject to the limitations of Section 2.02.

(C) In the case of partial redemption or an advance refunding of any Series of the Bonds evidencing all or a portion of such amount Outstanding, the Securities Depository shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(D) The Authority and the Trustee shall be entitled to treat the Person in whose name any Bond is registered as the Bondholder thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying or otherwise dealing with any Beneficial Owners of the Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including the Securities Depository or its successor (or substitute depository or its successor), except for the Holder of any Bond.

(E) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns in effecting payment of the principal of, redemption premium, if any, purchase price and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

### **ARTICLE III ISSUANCE OF BONDS**

**SECTION 3.01 Issuance of Bonds.** Whenever the Authority shall determine to issue a Series of Bonds hereunder, the Authority (i) shall authorize the execution of a Supplemental Indenture specifying the principal amount, and prescribing the forms of Bonds of such Series and



providing the terms, conditions, distinctive designation, denominations, date, maturity date or dates, interest rate or rates (or the manner of determining the same), redemption provisions, tender provisions, if any, and place or places of payment of principal or Redemption Price, if any, of and interest on such Bonds, and any other provisions respecting the Bonds of such Series not inconsistent with the terms of this Indenture, (ii) shall execute such Supplemental Indenture and (iii) shall deliver such Supplemental Indenture to the Trustee for execution.

**SECTION 3.02 Issuance of Senior Bonds.** The Authority may by Supplemental Indenture establish one or more Series of Senior Bonds, payable from Sales Tax Revenues and secured by the pledge made under this Indenture equally and ratably with other Senior Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Senior Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of this Section 3.02, Section 3.03 and any additional requirements set forth in said Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Senior Bonds.

(A) No Event of Default shall have occurred and then be continuing.

(B) Subject to the provisions of Section 5.05, in the event a Supplemental Indenture providing for the issuance of such Series shall require either (i) the establishment of a Senior Bond Reserve Fund to provide additional security for such Series of Senior Bonds or (ii) that the balance on deposit in an existing Senior Bond Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such Series, to an amount at least equal to the Senior Bond Reserve Requirement with respect to such Series of Senior Bonds and all other Senior Bonds secured by such Senior Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Senior Bonds, the Supplemental Indenture providing for the issuance of such additional Series of Senior Bonds shall require deposit of the amount necessary. Said deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Senior Bonds and may be made from the proceeds of the sale of such Series of Senior Bonds or from other funds of the Authority or from both such sources or may be made in the form of a Reserve Facility.

(C) The aggregate principal amount of Senior Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(D) The Authority shall place on file with the Trustee a Certificate of the Authority certifying that (i) during the Dual Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Senior Bonds will become Outstanding shall have been at least equal to 2.0 times Maximum Annual Debt Service on all Series of Senior Bonds and Senior Obligations then Outstanding and the additional Series of Senior Bonds then proposed to be issued, and (ii) during the Singular Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Senior Bonds will become Outstanding multiplied by the Singular Factor shall have been at least equal to 2.0 times

Maximum Annual Debt Service on all Series of Senior Bonds and Senior Obligations then Outstanding and the additional Series of Senior Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based.

(E) Principal payments of each additional Series of Senior Bonds shall be due on June 1 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Senior Bond to be issued, and, if the interest on such Series of Senior Bonds is to be paid semiannually, such interest payments shall be due on June 1 and December 1 in each year to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Senior Bond to be issued.

Nothing in this Section or in this Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Senior Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Indenture, additional security for the benefit of such additional Series of Senior Bonds or any portion thereof.

In the event additional assets or revenues are included within the definition of “Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided in subsection (D) above as if such additional assets or revenues had always been included in “Revenues.”

In each case such removal shall be accomplished by the giving of at least 30 days’ written notice of such removal by the Authority to the Trustee, whereupon the Authority shall appoint a successor Trustee by an instrument in writing.

**SECTION 3.03 Proceedings for Issuance of Senior Bonds.** Before any Series of Senior Bonds shall be issued and delivered, the Authority shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Senior Bonds have been satisfied).

(A) A Supplemental Indenture authorizing such Series executed by the Authority.

(B) A Certificate of the Authority certifying: (i) that no Event of Default has occurred and is then continuing or any such Event of Default will be cured by the issuance of such Series of Senior Bonds; and (ii) that the requirements specified in Section 3.02(B) and Section 3.02(C) hereof have been satisfied by the Authority.

(C) A Certificate of the Authority certifying (on the basis of computations made no later than the date of sale of such Series of Senior Bonds) that file requirement of Section 3.02(D) is satisfied.

(D) An Opinion of Bond Counsel to the effect that the Supplemental Indenture is being entered into in accordance with this Indenture and that such Series of Senior Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding obligations of the Authority.

### **SECTION 3.04 Issuance of Senior Refunding Bonds.**

(A) Senior Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of Sections 3.02(D) or 3.03(C); provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined one of the following: (i) that Maximum Annual Debt Service on all Senior Bonds Outstanding and all Senior Obligations outstanding following the issuance of such Senior Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Senior Bonds Outstanding and all Senior Obligations outstanding prior to the issuance of such Senior Refunding Bonds, or (ii) that the Authority expects a reduction in Debt Service on all Senior Bonds Outstanding and all Senior Obligations outstanding to result from the refunding to be effected with the proceeds of such Senior Refunding Bonds. Such Senior Refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

(1) the principal or Redemption Price of the Outstanding Bonds or outstanding Senior Obligations or Subordinate to be refunded;

(2) all expenses incident to the calling, retiring or paying of such Outstanding Bonds or outstanding Senior Obligations and the Costs of Issuance of such Senior Refunding Bonds;

(3) any termination payment owed by the Authority to a Counterparty after offset for any payments made to the Authority from such Counterparty under any Interest Rate Swap Agreement that was entered into in connection with the Senior Bonds or Senior Obligations to be refunded;

(4) interest on all Outstanding Bonds or outstanding Senior Obligations or Subordinate Obligations to be refunded to the date such Bonds or Senior Obligations or Subordinate Obligations will be called for redemption or paid at maturity;

(5) interest on the Senior Refunding Bonds from the date thereof to the date of payment or redemption of the Bonds, Senior Obligations or Subordinate Obligations to be refunded; and

(6) funding a Senior Bond Reserve Fund for the Senior Refunding Bonds, if required.

(B) Before such Series of Senior Refunding Bonds shall be issued and delivered pursuant to this Section 3.04, the Authority shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Senior Refunding Bonds have been satisfied).

(1) A Supplemental Indenture authorizing such Series of Senior Refunding Bonds executed by the Authority.

(2) A Certificate of the Authority certifying: (i) that Maximum Annual Debt Service on all Senior Bonds and Senior Obligations which will be outstanding following the issuance of such Series of Senior Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Senior Bonds Outstanding and Senior Obligations outstanding prior to the issuance of such Senior Refunding Bonds or that the Authority expects a reduction in Debt Service on all Senior Bonds Outstanding and all Senior Obligations outstanding to result from the refunding to be effected with the proceeds of such Senior Refunding Bonds; and (ii) that the requirements of Sections 3.02(A), (B), and (C) hereof are satisfied.

(3) If any of the Senior Bonds to be refunded are to be redeemed prior to their stated maturity dates, irrevocable instructions to the Trustee to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Holders of all or the portion of the Senior Bonds or Senior Obligations to be redeemed, or proof that such notice has been given by the Authority; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Authority may cause to be deposited with the Trustee all of the Senior Bonds and Senior Obligations proposed to be redeemed (whether canceled or uncanceled) with irrevocable instructions to the Trustee to cancel said Senior Bonds or Senior Obligations so to be redeemed upon the exchange and delivery of said Senior Refunding Bonds; and provided further that no provision of this Indenture shall be construed to require the redemption of Senior Bonds prior to their respective maturity dates in connection with the refunding thereof.

(4) An Opinion of Bond Counsel to the effect that the Supplemental Indenture is being entered into in accordance with this Indenture and that such Series of Senior Refunding Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding obligations of the Authority.

(5) The proceeds of the sale of the Senior Refunding Bonds shall be applied by the Trustee according to the written direction of the Authority to the retirement of the Outstanding Senior Bonds or Senior Obligations for the refunding of which said Senior Refunding Bonds are to be issued. All Senior Bonds or Senior Obligations purchased, redeemed or retired by use of funds received from the sale of Senior Refunding Bonds, and all Senior Bonds surrendered to the Trustee against the issuance of Senior Refunding Bonds, shall be forthwith canceled and shall not be reissued.

**SECTION 3.05 Issuance of Additional Subordinate Bonds.** The Authority may by Supplemental Indenture establish one or more additional Series of Subordinate Bonds, payable from Sales Tax Revenues and secured by the pledge made under this Indenture equally and ratably with the 2020 Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Subordinate Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only, with respect to each additional Series of Subordinate Bonds issued subsequent to the 2020 Bonds issued hereunder, upon compliance by the Authority with the provisions of this Section 3.05, Section 3.06 and any additional requirements set forth in said Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Subordinate Bonds.

(A) No Event of Default shall have occurred and then be continuing.

(B) Subject to the provisions of Section 5.08, in the event a Supplemental Indenture providing for the issuance of such Series shall require either (i) the establishment of a Subordinate Bond Reserve Fund to provide additional security for such Series of Subordinate Bonds or (ii) that the balance on deposit in an existing Subordinate Bond Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such Series, to an amount at least equal to the Subordinate Bond Reserve Requirement with respect to such Series of Subordinate Bonds and all other Subordinate Bonds secured by such Subordinate Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Subordinate Bonds, the Supplemental Indenture providing for the issuance of such additional Series of Subordinate Bonds shall require deposit of the amount necessary. Said deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Subordinate Bonds and may be made from the proceeds of the sale of such Series of Subordinate Bonds or from other funds of the Authority or from both such sources or may be made in the form of a Reserve Facility.

(C) The aggregate principal amount of Subordinate Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(D) The Authority shall place on file with the Trustee a Certificate of the Authority certifying that (i) during the Dual Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Subordinate Bonds will become Outstanding shall have been at least equal to 1.50 times Maximum Annual Debt Service on all Series of Bonds, Senior Obligations and Subordinate Obligations then outstanding and the additional Series of Subordinate Bonds then proposed to be issued and (ii) during the Singular Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Subordinate Bonds will become Outstanding multiplied by the Singular Factor shall have been at least equal to 1.50 times Maximum Annual Debt Service on all Series of Bonds, Senior Obligations and Subordinate Obligations then outstanding and the additional Series of Subordinate Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based.

(E) Principal payments of each additional Series of Subordinate Bonds shall be due on June 1 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Subordinate Bond to be issued, and, if the interest on such Series of Subordinate Bonds is to be paid semiannually, such interest payments shall be due on June 1 and December 1 in each year to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Subordinate Bond to be issued.

Nothing in this Section or in this Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Subordinate Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Indenture, additional security for the benefit of such additional Series of Subordinate Bonds or any portion thereof.

In the event additional assets or revenues are included within the definition of “Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided in subsection (D) above as if such additional assets or revenues had always been included in “Revenues.”

**SECTION 3.06 Proceedings for Issuance of Additional Subordinate Bonds.**

Subsequent to the issuance of the 2020 Bonds, before any additional Series of Subordinate Bonds shall be issued and delivered, the Authority shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Subordinate Bonds have been satisfied).

(A) A Supplemental Indenture authorizing such Series executed by the Authority.

(B) A Certificate of the Authority certifying: (i) that no Event of Default has occurred and is then continuing or any such Event of Default will be cured by the issuance of such Series of Subordinate Bonds; and (ii) that the requirements specified in Section 3.02(B) and Section 3.02(C) hereof have been satisfied by the Authority.

(C) A Certificate of the Authority certifying (on the basis of computations made no later than the date of sale of such Series of Subordinate Bonds) that the requirement of Section 3.02(D) is satisfied.

(D) An Opinion of Bond Counsel to the effect that the Supplemental Indenture is being entered into in accordance with this Indenture and that such Series of Subordinate Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding obligations of the Authority.

**SECTION 3.07 Issuance of Subordinate Refunding Bonds.** Subordinate Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of Sections 3.05(D) or 3.03(C); provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined one of the following: (i) that Maximum Annual Debt Service on all Senior Bonds Outstanding, all Senior Obligations, all Subordinate Bonds and all Subordinate Obligations then outstanding following the issuance of such Subordinate Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Senior Bonds Outstanding, all Senior Obligations, all Subordinate Bonds and all Subordinate Obligations then outstanding prior to the issuance of such Subordinate Refunding Bonds, or (ii) that the Authority expects a reduction in Debt Service on all Subordinate Bonds Outstanding and all Subordinate Obligations outstanding to result from the refunding to be effected with the proceeds of such Subordinate Refunding Bonds. Such Subordinate Refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

(1) the principal or Redemption Price of the Outstanding Subordinate Bonds or outstanding Subordinate Obligations to be refunded;

(2) all expenses incident to the calling, retiring or paying of such Outstanding Subordinate Bonds or outstanding Subordinate Obligations and the Costs of Issuance of such Subordinate Refunding Bonds;

(3) any termination payment owed by the Authority to a Counterparty after offset for any payments made to the Authority from such Counterparty under any Interest Rate Swap Agreement that was entered into in connection with the Subordinate Bonds or Subordinate Obligations to be refunded;

(4) interest on all Outstanding Subordinate Bonds or outstanding Subordinate Obligations to be refunded to the date such Subordinate Bonds or Subordinate Obligations will be called for redemption or paid at maturity;

(5) interest on the Subordinate Refunding Bonds from the date thereof to the date of payment or redemption of the Subordinate Bonds or Subordinate Obligations to be refunded; and

(6) funding a Subordinate Bond Reserve Fund for the Subordinate Refunding Bonds, if required.

(B) Before such Series of Subordinate Refunding Bonds shall be issued and delivered pursuant to this Section 3.07, the Authority shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Subordinate Refunding Bonds have been satisfied).

(1) A Supplemental Indenture authorizing such Series of Subordinate Refunding Bonds executed by the Authority.

(2) A Certificate of the Authority certifying: (i) that Maximum Annual Debt Service on all Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations which will be outstanding following the issuance of such Series of Subordinate Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations outstanding prior to the issuance of such Subordinate Refunding Bonds or that the Authority expects a reduction in Debt Service on all Senior Bonds, all Senior Obligations, all Subordinate Bonds and all Subordinate Obligations outstanding to result from the refunding to be effected with the proceeds of such Subordinate Refunding Bonds; and (ii) that the requirements of Sections 3.02(A), (B), and (C) hereof are satisfied.

(3) If any of the Subordinate Bonds to be refunded are to be redeemed prior to their stated maturity dates, irrevocable instructions to the Trustee to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Holders of all or the portion of the Subordinate Bonds or Subordinate Obligations to be redeemed, or proof that such notice has been given by the Authority; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Authority may cause to be deposited with the Trustee all of the Subordinate Bonds and Subordinate Obligations proposed to be redeemed (whether canceled or uncanceled) with irrevocable instructions to the Trustee to cancel said Subordinate Bonds or Subordinate Obligations so to be redeemed upon the exchange and delivery of said Subordinate Refunding Bonds; and provided further that no provision of this Indenture shall be construed to require the

redemption of Subordinate Bonds prior to their respective maturity dates in connection with the refunding thereof.

(4) An Opinion of Bond Counsel to the effect that the Supplemental Indenture is being entered into in accordance with this Indenture and that such Series of Subordinate Refunding Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding obligations of the Authority.

(5) The proceeds of the sale of the Subordinate Refunding Bonds shall be applied by the Trustee according to the written direction of the Authority to the retirement of the Outstanding Subordinate Bonds or Subordinate Obligations for the refunding of which said Subordinate Refunding Bonds are to be issued. All Subordinate Bonds or Subordinate Obligations purchased, redeemed or retired by use of funds received from the sale of Subordinate Refunding Bonds, and all Subordinate Bonds surrendered to the Trustee against the issuance of Subordinate Refunding Bonds, shall be forthwith canceled and shall not be reissued.

**SECTION 3.08 Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Senior Obligations; Subordinate Obligations.** Subsequent to the issuance of the 2020 Bonds, the Authority will not, so long as any Bonds are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Sales Tax Revenues except as set forth below.

(A) Bonds authorized pursuant to Section 3.02 or 3.05.

(B) Refunding Bonds authorized pursuant to Section 3.04 or 3.07.

(C) Senior Obligations, provided that the following conditions to the issuance or incurrence of such Senior Obligations are satisfied:

(1) Such Senior Obligations have been duly and legally authorized by the Authority for any lawful purpose;

(2) No Event of Default shall have occurred and then be continuing, or any such Event of Default will be cured by such issuance or incurrence, as evidenced by the delivery of a Certificate of the Authority to that effect, which Certificate of the Authority shall be filed with the Trustee;

(3) Such Senior Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Senior Refunding Bonds set forth in Section 3.04 or (ii) the Authority shall have placed on file with the Trustee a Certificate of the Authority, upon which the Trustee may conclusively rely certifying (on the basis of calculations made no later than the date of sale or incurrence of such Senior Obligations, as applicable) that the requirements set forth in Section 3.02(D) relating to the issuance of an additional Series of Senior Bonds have been satisfied with respect to such Senior Obligations, which Certificate shall also set forth the computations upon which such Certificate is based;



(4) As and to the extent applicable, the Trustee shall be designated as paying agent or trustee for such Senior Obligations and the Authority shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Senior Obligations (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Senior Obligations).

(D) Subordinate Obligations, provided that the following conditions to the issuance or incurrence of such Subordinate Obligations are satisfied:

(1) Such Subordinate Obligations have been duly and legally authorized by the Authority for any lawful purpose;

(2) No Event of Default shall have occurred and then be continuing, or any such Event of Default will be cured by the issuance or incurrence of such Subordinate Obligations, as evidenced by the delivery of a Certificate of the Authority to that effect, which Certificate of the Authority shall be filed with the Trustee;

(3) Such Subordinate Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Subordinate Refunding Bonds set forth in Section 3.07 or (ii) the Authority shall have placed on file with the Trustee a Certificate of the Authority, upon which the Trustee may conclusively rely certifying (on the basis of calculations made no later than the date of sale or incurrence of such Subordinate Obligations, as applicable) that the requirements set forth in Section 3.02(D) relating to the issuance of an additional Series of Subordinate Bonds have been satisfied with respect to such Subordinate Obligations, which Certificate shall also set forth the computations upon which such Certificate is based;

(4) As and to the extent applicable, the Trustee shall be designated as paying agent or trustee for such Subordinate Obligations and the Authority shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Subordinate Obligations (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Subordinate Obligations).

(E) Termination payments and fees and expenses on Interest Rate Swap Agreements, Credit Provider or Credit Enhancement Provider fees and expenses and other obligations that shall be secured by a lien and charge on the Revenues subordinate to the liens and charges upon the Revenues that secure the Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations.

**SECTION 3.09 Calculation of Maximum Annual Debt Service with Respect to Bonds, Senior Obligations and Subordinate Obligations.** For purposes of this Article III, Maximum Annual Debt Service with respect to Bonds shall be determined by the Authority no later than the date of delivery of such Bonds, and no earlier than the sixtieth (60th) day preceding the date of pricing or sale of such Bonds, utilizing the assumptions set forth in the definition of Debt Service. For purposes of this Article III, Maximum Annual Debt Service with respect to Senior Obligations or Subordinate Obligations shall be determined by the Authority no later than the date of incurrence of such Senior Obligations or Subordinate Obligations, as the case may be, utilizing the

assumptions set forth in the definition of Debt Service; provided, however, that if a Senior Obligation or Subordinate Obligation is contingent upon funds being provided pursuant to such Senior Obligation or Subordinate Obligation, as applicable, to pay principal, or purchase price of, or interest on a Bond, such Senior Obligation or Subordinate Obligation shall not be considered outstanding until such payment is made thereunder.

**SECTION 3.10 Application of Proceeds.** Proceeds of each Series of Bonds shall be applied as specified in the Supplemental Indenture pursuant to which such Series of Bonds is issued.

#### **ARTICLE IV REDEMPTION, TENDER AND PURCHASE OF BONDS**

**SECTION 4.01 Terms of Redemption, Tender and Purchase.** Each Series of Bonds may be made subject to redemption or mandatory or optional tender and purchase prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**SECTION 4.02 Notice of Redemption.** Unless otherwise specified in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, each notice of redemption shall be mailed by the Trustee, not less than ten (10) nor more than ninety (90) days prior to the redemption date, to each Holder and each of the Repositories. A copy of such notice shall also be provided to each of the Notice Parties with respect to Series of Bonds to which such notice relates. Notice of redemption to the Holders, the Repositories and the applicable Notice Parties shall be given by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the Series of Bonds to which such notice relates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity, if any, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such CUSIP numbers.

Failure by the Trustee to give notice to any Notice Party or any one or more of the Repositories or failure of any Holder, any Notice Party or any Repository to receive notice or any

defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

With respect to any notice of optional redemption of Bonds delivered pursuant to this Section 4.02 or any provision of any Supplemental Indenture, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Article X hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given.

Any notice given pursuant to this Section 4.02 may be rescinded by written notice given to the Trustee by the Authority and the Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section 4.02.

**SECTION 4.03 Partial Redemption of Bonds.** Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations, and of the same Series, maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

**SECTION 4.04 Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment and such funds are hereby pledged to such payment. All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

## **ARTICLE V SALES TAX REVENUES**

### **SECTION 5.01 Pledge of Revenues; Revenue Fund.**

(A) As security for the payment of all amounts owing on the Bonds, Senior Obligations and Subordinate Obligations, there are irrevocably pledged to the Trustee: (i) all Revenues; and

(ii) all amounts, including proceeds of the Bonds, held on deposit in the funds and accounts established hereunder (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund), subject to the provision of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture. The collateral identified above shall immediately be subject to this pledge, and this pledge shall constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Authority and all others asserting the rights therein, to the extent set forth, and in accordance with, this Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Revenues and all amounts held on deposit in the funds and accounts established hereunder (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund) herein made shall be irrevocable until all of the Bonds, all Senior Obligations, all Subordinate Obligations and amounts owed in connection with the Bonds, Senior Obligations and Subordinate Obligations are no longer Outstanding.

All Senior Bonds and Senior Obligations shall be of equal rank without preference, priority or distinction of any Senior Bonds and Senior Obligations over any other Senior Bonds and Senior Obligations. All Subordinate Bonds and Subordinate Obligations shall be of equal rank without preference, priority or distinction of any Subordinate Bonds and Subordinate Obligations over any other Subordinate Bonds and Subordinate Obligations, and all Subordinate Bonds and Subordinate Obligations shall be secured by a lien on and pledge of Revenues hereunder that is junior and subordinate to the lien on and pledge of Revenues that secures the Senior Bonds and Senior Obligations.

(B) As long as any Bonds are Outstanding or any Senior Obligations or Subordinate Obligations remain unpaid, the Authority hereby assigns and shall cause Measure A Sales Tax Revenues to be transmitted by the CDTFA directly to the Trustee, and shall further cause the District to transmit the Authority's portion of Measure W Sales Tax Revenues directly to the Trustee. The Trustee shall forthwith deposit in a trust fund, designated as the "Revenue Fund," which fund the Trustee shall establish and maintain, all Sales Tax Revenues, when and as received by the Trustee. The Sales Tax Revenues shall be received and held in trust by the Trustee for the benefit of the Holders of the Bonds, the Senior Obligations and the Subordinate Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in this Indenture. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Holders of the Bonds and the holders of Senior Obligations and Subordinate Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in this Indenture.

(C) The Bonds are limited obligations of the Authority and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Revenues and other funds pledged hereunder.

## **SECTION 5.02 Allocation of Sales Tax Revenues.**

(A) So long as any Bonds are Outstanding and Senior Obligations, Subordinate Obligations, and all other amounts payable hereunder remain unpaid, the Trustee shall set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust

for the benefit of the Holders of the Bonds and, as and to the extent applicable, the holders of Senior Obligations and Subordinate Obligations) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Senior Obligations or Subordinate Obligations, as the case may be, as provided in the proceedings for such Senior Obligations and Subordinate Obligations delivered to the Trustee pursuant to Section 3.08 (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Senior Obligations or Subordinate Obligations):

(1) Senior Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the Senior Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Senior Bonds that are Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Senior Interest Fund from the proceeds of any Series of Senior Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such Senior Bonds that are Outstanding Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) is on deposit in such fund; provided that from the date of delivery of a Series of Senior Bonds that are Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Senior Bonds that are Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Authority, or if the Authority shall not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%) (provided, however, that the amount of such deposit into the Senior Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Senior Interest Fund for any month shall be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Senior Bonds that are Variable Rate Indebtedness). No deposit need be made into the Senior Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Senior Bonds issued hereunder and then Outstanding and on June 1 and December 1 of each year any excess amounts in the Senior Interest Fund not needed to pay interest on such date (and not held to pay interest on Senior Bonds having Interest Payment Dates other than June 1 and December 1) shall be transferred to the Authority (but excluding, in each case, any moneys

on deposit in the Senior Interest Fund from the proceeds of any Series of Senior Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates). All Swap Revenues received with respect to the Interest Rate Swap Agreements that are Senior Obligations shall be deposited in the Senior Interest Fund and credited to the above-required deposits.

(2) Senior Principal Fund: Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Senior Principal Fund as soon as practicable in such month an amount equal to at least (a) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Senior Bonds that are Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (b) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Senior Bonds that are Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Authority certifies and confirms in writing to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Senior Bond Reserve Fund that would be in excess of the Senior Bond Reserve Requirement applicable to such Senior Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

In the event that the Sales Tax Revenues shall not be sufficient to make the required deposits so that moneys in the Senior Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Senior Bonds that are Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Senior Bonds that are Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis (as confirmed in writing by the Authority) and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from said Term Bonds any of said Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually as shall have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that the Sales Tax Revenues shall not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts shall be made on a Proportionate Basis (as confirmed in writing by the Authority), in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit need be made into the Senior Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Senior Bonds that are

Serial Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Senior Principal Fund during such 12-month period and theretofore paid from the Senior Principal Fund to redeem or purchase Senior Bonds that are Term Bonds during such 12-month period; provided that if the Authority certifies and confirms in writing to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Senior Bond Reserve Fund that would be in excess of the Senior Bond Reserve Requirement applicable to such Senior Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than June 1 of each year, the Authority shall provide a Certificate of the Authority setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. The Trustee shall not be responsible for reviewing the Certificate. On June 1 of each year or as soon as practicable thereafter any excess amounts in the Senior Principal Fund not needed to pay principal on such date (and not held to pay principal on Senior Bonds having principal payment dates other than June 1) shall be transferred to the Authority.

(3) Senior Bond Reserve Fund. Upon the occurrence of any deficiency in any Senior Bond Reserve Fund, the Trustee shall make such deposit to such Senior Bond Reserve Fund as is required pursuant to Section 5.05(D), each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement.

(4) Subordinate Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the Subordinate Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Subordinate Bonds that are Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Subordinate Interest Fund from the proceeds of any Series of Subordinate Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such Subordinate Bonds that are Outstanding Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) is on deposit in such fund; provided that from the date of delivery of a Series of Subordinate Bonds that are Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Subordinate Bonds that are Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Authority, or if the Authority shall not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month

of deposit plus one percent (1%) (provided, however, that the amount of such deposit into the Subordinate Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Subordinate Interest Fund for any month shall be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Subordinate Bonds that are Variable Rate Indebtedness). No deposit need be made into the Subordinate Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Subordinate Bonds issued hereunder and then Outstanding and on June 1 and December 1 of each year any excess amounts in the Subordinate Interest Fund not needed to pay interest on such date (and not held to pay interest on Subordinate Bonds having Interest Payment Dates other than June 1 and December 1) shall be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Subordinate Interest Fund from the proceeds of any Series of Subordinate Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates). All Swap Revenues received with respect to the Interest Rate Swap Agreements that are Subordinate Obligations shall be deposited in the Subordinate Interest Fund and credited to the above-required deposits.

(5) Subordinate Principal Fund: Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Subordinate Principal Fund as soon as practicable in such month an amount equal to at least (a) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Subordinate Bonds that are Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (b) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Subordinate Bonds that are Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Authority certifies and confirms in writing to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Subordinate Bond Reserve Fund that would be in excess of the Subordinate Bond Reserve Requirement applicable to such Subordinate Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

In the event that the Sales Tax Revenues shall not be sufficient to make the required deposits so that moneys in the Subordinate Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Subordinate Bonds that are Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Subordinate Bonds that are Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis (as confirmed in writing by the Authority) and in



such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from said Term Bonds any of said Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually as shall have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that the Sales Tax Revenues shall not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts shall be made on a Proportionate Basis (as confirmed in writing by the Authority), in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit need be made into the Subordinate Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Subordinate Bonds that are Serial Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Subordinate Principal Fund during such 12-month period and theretofore paid from the Subordinate Principal Fund to redeem or purchase Subordinate Bonds that are Term Bonds during such 12-month period; provided that if the Authority certifies and confirms in writing to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Subordinate Bond Reserve Fund that would be in excess of the Subordinate Bond Reserve Requirement applicable to such Subordinate Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than June 1 of each year, the Authority shall provide the Trustee with a Certificate of the Authority setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On June 1 of each year or as soon as practicable thereafter any excess amounts in the Subordinate Principal Fund not needed to pay principal on such date (and not held to pay principal on Subordinate Bonds having principal payment dates other than June 1) shall be transferred to the Authority.

(6) Subordinate Bond Reserve Fund. Upon the occurrence of any deficiency in any Subordinate Bond Reserve Fund, the Trustee shall make such deposit to such Subordinate Bond Reserve Fund as is required pursuant to Section 5.08(D), each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement.

(7) Fees and Expenses Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Fees and Expenses Fund." At the direction of the Authority, after the transfers described in (1), (2), (3), (4), (5) and (6) above have been made, the Trustee shall deposit as soon as practicable in each month in the Fees and Expenses Fund (i) amounts necessary for payment of fees, expenses and similar charges (including fees, expenses and similar charges relating to any Credit Facility or Credit

Enhancement for the Bonds or any Senior Obligations) owing in such month or following month by the Authority in connection with the Bonds or any Senior Obligations and (ii) amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by the Authority in connection with Subordinate Obligations. The Authority shall inform the Trustee of such amounts, in writing, on or prior to the first Business Day of each month.

(B) Any Revenues remaining in the Revenue Fund after the foregoing transfers described in (1), (2), (3), (4), (5), (6) and (7) of subsection (A) above, except as the Authority shall otherwise direct in writing or as is otherwise provided in a Supplemental Indenture, shall be transferred to the Authority on the same Business Day or as soon as practicable thereafter. The Authority may use and apply the Revenues when received by it for any lawful purpose of the Authority, including the redemption of Bonds upon the terms and conditions set forth in the Supplemental Indenture relating to such Bonds and the purchase of Bonds as and when and at such prices as it may determine.

(C) If five (5) days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the Revenue Fund, the Senior Interest Fund, the Senior Principal Fund, including the Sinking Accounts therein, the Subordinate Interest Fund, the Subordinate Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, any Senior Bond Reserve Fund or Subordinate Bond Reserve Fund established in connection with a Series of Bonds with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Authority hereby covenants and agrees to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the principal, interest or mandatory redemption date referenced in such notice.

**SECTION 5.03 Application of Senior Interest Fund.** All amounts in the Senior Interest Fund shall be used and withdrawn by the Trustee solely for the purposes of: (a) paying interest on the Senior Bonds as it shall become due and payable (including accrued interest on any Senior Bonds purchased or redeemed prior to maturity pursuant to this Indenture), or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit, and (b) making periodic payments on Interest Rate Swap Agreements relating to Senior Bonds, as provided in Section 5.13.

**SECTION 5.04 Application of Senior Principal Fund.**

(A) All amounts in the Senior Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the Senior Bonds when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Senior Bonds that are Term Bonds, as provided herein, or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit.

(B) The Trustee shall establish and maintain within the Senior Principal Fund a separate account for the Senior Bonds that are Term Bonds of each Series and maturity, designated as the

“\_\_\_\_\_ Sinking Account,” inserting therein the Series and maturity designation of such Bonds. On or before the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment (being the principal thereof, in the case of Senior Bonds that are Current Interest Bonds, and the Accreted Value, in the case of Senior Bonds that are Capital Appreciation Bonds) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Senior Bonds that are Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in this Indenture or the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the Authority, apply moneys in such Sinking Account to the purchase of Senior Bonds that are Senior Bonds that are Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Senior Interest Fund) as is directed by the Authority, except that the purchase price (excluding accrued interest, in the case of Senior Bonds that are Current Interest Bonds) shall not exceed the principal amount or Accreted Value thereof. If, during the 12-month period (or six- month period with respect to Bonds having semi-annual Mandatory Sinking Account Payments) immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Senior Bonds that are Senior Bonds that are Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Authority has deposited Senior Bonds that are Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Senior Bonds that are Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Senior Bonds that are Term Bonds purchased or deposited pursuant to this subsection shall be cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to the Authority by the Trustee. Any amounts remaining in a Sinking Account on June 1 of each year following the redemption as of such date of the Senior Bonds that are Term Bonds for which such account was established shall be withdrawn by the Trustee and transferred as soon as practicable to the Authority to be used for any lawful purpose. All Senior Bonds that are Term Bonds purchased from a Sinking Account or deposited by the Authority with the Trustee in a twelve month period ending May 31 and prior to the giving of notice by the Trustee for redemption from Mandatory Sinking Account Payments for such period shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Senior Bonds that are Term Bonds, if any, occurring on the next June 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Senior Bonds that are Term Bonds as may be specified in a Request of the Authority. All Senior Bonds that are Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Senior Bonds that are Senior Bonds that are Term Bonds as may be specified in a Request of the Authority.

**SECTION 5.05 Establishment, Funding and Application of Senior Bond Reserve Funds.** The Authority may at its sole discretion at the time of issuance of any Series of Bonds or

at any time thereafter by Supplemental Indenture provide for the establishment of a Bond Reserve Fund as additional security for a Series of Senior Bonds. Any Senior Bond Reserve Fund so established by the Authority shall be available to secure one or more Series of Senior Bonds as the Authority shall determine and shall specify in the Supplemental Indenture establishing such Senior Bond Reserve Fund. Any Senior Bond Reserve Fund established by the Authority shall be held by the Trustee and shall comply with the requirements set forth in this Section 5.05.

(A) In lieu of making the Senior Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in any Senior Bond Reserve Fund (which shall be transferred by the Trustee to the Authority), or in substitution of any Reserve Facility comprising part of the Senior Bond Reserve Requirement relating to one or more Series of Senior Bonds, the Authority may, at any time and from time to time, deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated at the time of delivery of such letter of credit in one of the three highest Rating Categories of either Moody's or S&P, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in Section 5.05(B), then on deposit in such Senior Bond Reserve Fund, will equal the Senior Bond Reserve Requirement relating to the Bonds to which such Senior Bond Reserve Fund relates. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the Senior Bonds in connection with which such letter of credit was obtained and shall provide by its terms that it may be drawn upon as provided in this Section 5.05. At least one (1) year prior to the stated expiration of such letter of credit, the Authority shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least one (1) additional year or, if less, the final maturity of the Senior Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of Section 5.05(B). Upon delivery of such replacement Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Authority. If the Authority shall fail to deposit a replacement Reserve Facility with the Trustee, the Authority shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Senior Bond Reserve Requirement relating to the Bonds to which such Senior Bond Reserve Fund relates will be on deposit in such Senior Bond Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Senior Bond Reserve Requirement relating to the Bonds to which such Senior Bond Reserve Fund relates as of the date following the expiration of the letter of credit is not on deposit in such Senior Bond Reserve Fund one (1) week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in such Senior Bond Reserve Fund.

(B) In lieu of making a Senior Bond Reserve Requirement deposit in cash or in replacement of moneys then on deposit in a Senior Bond Reserve Fund (which shall be transferred by the Trustee to the Authority) or in substitution of any Reserve Facility comprising part of a Senior Bond Reserve Requirement for any Senior Bonds, the Authority may, at any time and from time to time, deliver to the Trustee a surety bond or an insurance policy securing an amount which, together with moneys, Investment Securities, or other Reserve Facilities then on deposit in a Senior Bond Reserve Fund, is no less than the Senior Bond Reserve Requirement relating to the Senior Bonds to which such Senior Bond Reserve Fund relates. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated at the time of

delivery in one of the three highest Rating Categories of any Rating Agency. Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds in connection with which such surety bond or insurance policy is obtained. In the event that such surety bond or insurance policy for any reason lapses or expires, the Authority shall immediately implement (i) or (iii) of the preceding paragraph or make twelve equal monthly deposits to such Senior Bond Reserve Fund so that the Senior Bond Reserve Fund is replenished to the required level after a year.

(C) Subject to Section 5.05(E), all amounts in any Senior Bond Reserve Fund (including all amounts which may be obtained from a Reserve Facility on deposit in such Senior Bond Reserve Fund) shall be used and withdrawn by the Trustee, as hereinafter provided: (i) for the purpose of making up any deficiency in the Senior Interest Fund or the Senior Principal Fund relating to the Senior Bonds of the Series to which such Senior Bond Reserve Fund relates; or (ii) together with any other moneys available therefor, (x) for the payment or redemption of all Senior Bonds then Outstanding of the Series to which such Senior Bond Reserve Fund relates, (y) for the defeasance or redemption of all or a portion of the Senior Bonds then Outstanding of the Series to which such Senior Bond Reserve Fund relates, provided, however, that if funds on deposit in any Senior Bond Reserve Fund are applied to the defeasance or redemption of a portion of the Series of Senior Bonds to which such Senior Bond Reserve Fund relates, the amount on deposit in the Senior Bond Reserve Fund immediately subsequent to such partial defeasance or redemption shall equal the Senior Bond Reserve Requirement applicable to all Senior Bonds of such Series Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the Senior Bonds of such Series. Unless otherwise directed in a Supplemental Indenture establishing the terms and provisions of a Series of Senior Bonds, the Trustee shall apply amounts held in cash or Investment Securities in any Senior Bond Reserve Fund prior to applying amounts held in the form of Reserve Facilities in any Senior Bond Reserve Fund, and if there is more than one Reserve Facility being held on deposit in any Senior Bond Reserve Fund, shall, on a pro rata basis with respect to the portion of a Senior Bond Reserve Fund held in the form of a Reserve Facility (calculated by reference to the maximum amount of such Reserve Facility), draw under each Reserve Facility issued with respect to such Senior Bond Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the Bond Obligation of, Mandatory Sinking Account Payments with respect to, and interest on the Senior Bonds of the Series to which such Senior Bond Reserve Fund relates when due. In the event that the Trustee has notice that any payment of principal of or interest on a Bond has been recovered from a Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to the terms of, and if so provided by, the terms of the Reserve Facility, if any, securing the Senior Bonds of such Series, shall so notify the issuer thereof and draw on such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Holders the principal and interest so recovered.

(D) The Trustee shall notify the Authority of any deficiency in any Senior Bond Reserve Fund (i) due to a withdrawal from such Senior Bond Reserve Fund for purposes of making up any deficiency in the Senior Interest Fund or the Senior Principal Fund relating to the Senior Bonds of the Series to which such Senior Bond Reserve Fund relates or (ii) resulting from a valuation of Investment Securities held on deposit in such Senior Bond Reserve Fund pursuant to

Section 5.14 and shall request that the Authority replenish such deficiency or repay any and all obligations due and payable under the terms of any Reserve Facility comprising part of any Senior Bond Reserve Requirement. Upon receipt of such notification from the Trustee, the Authority shall instruct the Trustee to commence setting aside in each month following receipt of Sales Tax Revenues for deposit in the applicable Senior Bond Reserve Fund an amount equal to one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from such Senior Bond Reserve Fund or decrease resulting from a valuation pursuant to Section 5.14 and shall further instruct the Trustee to transfer to each Reserve Facility Provider providing a Reserve Facility satisfying a portion of the Senior Bond Reserve Requirement relating to the Senior Bonds of the Series to which such Senior Bond Reserve Fund relates, an amount equal to one-twelfth (1/12th) of the aggregate amount of any unreplenished prior withdrawal on such Reserve Facility, such amount to be transferred by the Trustee as promptly as possible after receipt of the Sales Tax Revenues each month, commencing with the month following the Authority's receipt of notification from the Trustee of withdrawal or decrease resulting from a valuation, as applicable, until the balance on deposit in such Senior Bond Reserve Fund is at least equal to the Senior Bond Reserve Requirement relating to the Senior Bonds of the Series to which such Senior Bond Reserve Fund relates.

(E) Unless the Authority shall otherwise direct in writing, any amounts in any Senior Bond Reserve Fund in excess of the Senior Bond Reserve Requirement relating to the Senior Bonds of the Series to which such Senior Bond Reserve Fund relates shall be transferred by the Trustee to the Authority on the Business Day following [October] 1 of each year; provided that such amounts shall be transferred only from the portion of such Senior Bond Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in any Senior Bond Reserve Fund shall be transferred by the Trustee to the Authority upon the defeasance, retirement or refunding of Senior Bonds of the Series to which such Senior Bond Reserve Fund relates or upon the replacement of cash on deposit in such Senior Bond Reserve Fund with one or more Reserve Facilities in accordance with Section 5.05(A) or Section 5.05(B). The Senior Bond Reserve Requirement shall be calculated upon the issuance or retirement of a Series of Senior Bonds or upon the defeasance of all or a portion of a Series of Senior Bonds.

**SECTION 5.06 Application of Subordinate Interest Fund.** All amounts in the Subordinate Interest Fund shall be used and withdrawn by the Trustee solely for the purposes of: (a) paying interest on the Subordinate Bonds as it shall become due and payable (including accrued interest on any Subordinate Bonds purchased or redeemed prior to maturity pursuant to this Indenture), or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit, and (b) making periodic payments on Interest Rate Swap Agreements relating to Subordinate Bonds, as provided in Section 5.13.

## **SECTION 5.07 Application of Subordinate Principal Fund.**

(A) All amounts in the Subordinate Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the Subordinate Bonds and Subordinate Obligations when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Subordinate Bonds that are Term Bonds, as provided herein, or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit.

(B) The Trustee shall establish and maintain within the Subordinate Principal Fund a separate account for the Subordinate Bonds that are Term Bonds of each Series and maturity, designated as the “\_\_\_\_\_ Sinking Account,” inserting therein the Series and maturity designation of such Bonds. On or before the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment (being the principal thereof, in the case of Subordinate Bonds that are Current Interest Bonds, and the Accreted Value, in the case of Subordinate Bonds that are Capital Appreciation Bonds) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Subordinate Bonds that are Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in this Indenture or the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the Authority, apply moneys in such Sinking Account to the purchase of Subordinate Bonds that are Subordinate Bonds that are Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Subordinate Interest Fund) as is directed by the Authority, except that the purchase price (excluding accrued interest, in the case of Subordinate Bonds that are Current Interest Bonds) shall not exceed the principal amount or Accreted Value thereof. If, during the 12-month period (or six-month period with respect to Bonds having semi-annual Mandatory Sinking Account Payments) immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Subordinate Bonds that are Subordinate Bonds that are Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Authority has deposited Subordinate Bonds that are Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Subordinate Bonds that are Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Subordinate Bonds that are Term Bonds purchased or deposited pursuant to this subsection shall be cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to the Authority by the Trustee. Any amounts remaining in a Sinking Account on June 1 of each year following the redemption as of such date of the Subordinate Bonds that are Term Bonds for which such account was established shall be withdrawn by the Trustee and transferred as soon as practicable to the Authority to be used for any lawful purpose. All Subordinate Bonds that are Term Bonds purchased from a Sinking Account or deposited by the

Authority with the Trustee in a twelve month period ending May 31 and prior to the giving of notice by the Trustee for redemption from Mandatory Sinking Account Payments for such period shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Subordinate Bonds that are Term Bonds, if any, occurring on the next June 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Subordinate Bonds that are Term Bonds as may be specified in a Request of the Authority. All Subordinate Bonds that are Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Subordinate Bonds that are Subordinate Bonds that are Term Bonds as may be specified in a Request of the Authority.

**SECTION 5.08 Establishment, Funding and Application of Subordinate Bond Reserve Funds.** The Authority may at its sole discretion at the time of issuance of any Series of Bonds or at any time thereafter by Supplemental Indenture provide for the establishment of a Bond Reserve Fund as additional security for a Series of Subordinate Bonds. Any Subordinate Bond Reserve Fund so established by the Authority shall be available to secure one or more Series of Subordinate Bonds as the Authority shall determine and shall specify in the Supplemental Indenture establishing such Subordinate Bond Reserve Fund. Any Subordinate Bond Reserve Fund established by the Authority shall be held by the Trustee and shall comply with the requirements set forth in this Section 5.08.

(A) In lieu of making the Subordinate Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in any Subordinate Bond Reserve Fund (which shall be transferred by the Trustee to the Authority), or in substitution of any Reserve Facility comprising part of the Subordinate Bond Reserve Requirement relating to one or more Series of Subordinate Bonds, the Authority may, at any time and from time to time, deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated at the time of delivery of such letter of credit in one of the three highest Rating Categories of any Rating Agency, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in Section 5.08(B), then on deposit in such Subordinate Bond Reserve Fund, will equal the Subordinate Bond Reserve Requirement relating to the Bonds to which such Subordinate Bond Reserve Fund relates. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the Subordinate Bonds in connection with which such letter of credit was obtained and shall provide by its terms that it may be drawn upon as provided in this Section 5.08. At least one (1) year prior to the stated expiration of such letter of credit, the Authority shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least one (1) additional year or, if less, the final maturity of the Subordinate Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of Section 5.05(B). Upon delivery of such replacement Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Authority. If the Authority shall fail to deposit a replacement Reserve Facility with the Trustee, the Authority shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Subordinate Bond Reserve Requirement relating to the Bonds to which such Subordinate Bond Reserve Fund relates will be on deposit in such Subordinate Bond Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Subordinate Bond Reserve Requirement relating to the Bonds to which such Subordinate Bond Reserve Fund relates as of the date following the expiration of the letter



of credit is not on deposit in such Subordinate Bond Reserve Fund one (1) week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in such Subordinate Bond Reserve Fund.

(B) In lieu of making a Subordinate Bond Reserve Requirement deposit in cash or in replacement of moneys then on deposit in a Subordinate Bond Reserve Fund (which shall be transferred by the Trustee to the Authority) or in substitution of any Reserve Facility comprising part of a Subordinate Bond Reserve Requirement for any Subordinate Bonds, the Authority may, at any time and from time to time, deliver to the Trustee a surety bond or an insurance policy securing an amount which, together with moneys, Investment Securities, or other Reserve Facilities then on deposit in a Subordinate Bond Reserve Fund, is no less than the Subordinate Bond Reserve Requirement relating to the Subordinate Bonds to which such Subordinate Bond Reserve Fund relates. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated at the time of delivery in one of the three highest Rating Categories of any Rating Agency. Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds in connection with which such surety bond or insurance policy is obtained. In the event that such surety bond or insurance policy for any reason lapses or expires, the Authority shall immediately implement (i) or (iii) of the preceding paragraph or make twelve equal monthly deposits to such Subordinate Bond Reserve Fund so that the Subordinate Bond Reserve Fund is replenished to the required level after a year.

(C) Subject to Section 5.05(E), all amounts in any Subordinate Bond Reserve Fund (including all amounts which may be obtained from a Reserve Facility on deposit in such Subordinate Bond Reserve Fund) shall be used and withdrawn by the Trustee, as hereinafter provided: (i) for the purpose of making up any deficiency in the Subordinate Interest Fund or the Subordinate Principal Fund relating to the Subordinate Bonds of the Series to which such Subordinate Bond Reserve Fund relates; or (ii) together with any other moneys available therefor, (x) for the payment or redemption of all Subordinate Bonds then Outstanding of the Series to which such Subordinate Bond Reserve Fund relates, (y) for the defeasance or redemption of all or a portion of the Subordinate Bonds then Outstanding of the Series to which such Subordinate Bond Reserve Fund relates, provided, however, that if funds on deposit in any Subordinate Bond Reserve Fund are applied to the defeasance or redemption of a portion of the Series of Subordinate Bonds to which such Subordinate Bond Reserve Fund relates, the amount on deposit in the Subordinate Bond Reserve Fund immediately subsequent to such partial defeasance or redemption shall equal the Subordinate Bond Reserve Requirement applicable to all Subordinate Bonds of such Series Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the Subordinate Bonds of such Series. Unless otherwise directed in a Supplemental Indenture establishing the terms and provisions of a Series of Subordinate Bonds, the Trustee shall apply amounts held in cash or Investment Securities in any Subordinate Bond Reserve Fund prior to applying amounts held in the form of Reserve Facilities in any Subordinate Bond Reserve Fund, and if there is more than one Reserve Facility being held on deposit in any Subordinate Bond Reserve Fund, shall, on a pro rata basis with respect to the portion of a Subordinate Bond Reserve Fund held in the form of a Reserve Facility (calculated by reference to the maximum amount of such Reserve Facility), draw under each Reserve Facility issued with respect to such Subordinate Bond Reserve Fund, in a timely manner

and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the Bond Obligation of, Mandatory Sinking Account Payments with respect to, and interest on the Subordinate Bonds of the Series to which such Subordinate Bond Reserve Fund relates when due. In the event that the Trustee has notice that any payment of principal of or interest on a Bond has been recovered from a Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to the terms of, and if so provided by, the terms of the Reserve Facility, if any, securing the Subordinate Bonds of such Series, shall so notify the issuer thereof and draw on such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Holders the principal and interest so recovered.

(D) The Trustee shall notify the Authority of any deficiency in any Subordinate Bond Reserve Fund (i) due to a withdrawal from such Subordinate Bond Reserve Fund for purposes of making up any deficiency in the Subordinate Interest Fund or the Subordinate Principal Fund relating to the Subordinate Bonds of the Series to which such Subordinate Bond Reserve Fund relates or (ii) resulting from a valuation of Investment Securities held on deposit in such Subordinate Bond Reserve Fund pursuant to Section 5.14 and shall request that the Authority replenish such deficiency or repay any and all obligations due and payable under the terms of any Reserve Facility comprising part of any Subordinate Bond Reserve Requirement. Upon receipt of such notification from the Trustee, the Authority shall instruct the Trustee to commence setting aside in each month following receipt of Sales Tax Revenues for deposit in the applicable Subordinate Bond Reserve Fund an amount equal to one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from such Subordinate Bond Reserve Fund or decrease resulting from a valuation pursuant to Section 5.14 and shall further instruct the Trustee to transfer to each Reserve Facility Provider providing a Reserve Facility satisfying a portion of the Subordinate Bond Reserve Requirement relating to the Subordinate Bonds of the Series to which such Subordinate Bond Reserve Fund relates, an amount equal to one-twelfth (1/12th) of the aggregate amount of any unreplenished prior withdrawal on such Reserve Facility, such amount to be transferred by the Trustee as promptly as possible after receipt of the Sales Tax Revenues each month, commencing with the month following the Authority's receipt of notification from the Trustee of withdrawal or decrease resulting from a valuation, as applicable, until the balance on deposit in such Subordinate Bond Reserve Fund is at least equal to the Subordinate Bond Reserve Requirement relating to the Subordinate Bonds of the Series to which such Subordinate Bond Reserve Fund relates.

(E) Unless the Authority shall otherwise direct in writing, any amounts in any Subordinate Bond Reserve Fund in excess of the Subordinate Bond Reserve Requirement relating to the Subordinate Bonds of the Series to which such Subordinate Bond Reserve Fund relates shall be transferred by the Trustee to the Authority on the Business Day following [October] 1 of each year; provided that such amounts shall be transferred only from the portion of such Subordinate Bond Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in any Subordinate Bond Reserve Fund shall be transferred by the Trustee to the Authority upon the defeasance, retirement or refunding of Subordinate Bonds of the Series to which such Subordinate Bond Reserve Fund relates or upon the replacement of cash on deposit in such Subordinate Bond Reserve Fund with one or more Reserve Facilities in accordance with Section 5.08(A) or Section 5.08(B). The Subordinate Bond Reserve Requirement shall be calculated upon the

issuance or retirement of a Series of Subordinate Bonds or upon the defeasance of all or a portion of a Series of Subordinate Bonds.

**SECTION 5.09 [reserved]**

**SECTION 5.10 Application of Fees and Expenses Fund.** All amounts in the Fees and Expenses Fund shall be used and withdrawn by the Trustee solely for the purpose of paying fees, expenses and similar charges owed by the Authority in connection with the Bonds or any Senior Obligations or Subordinate Obligations as such amounts shall become due and payable.

**SECTION 5.11 Application of Redemption Fund.** The Trustee shall establish, maintain and hold in trust a special fund designated as the “Redemption Fund.” All moneys deposited by the Authority with the Trustee for the purpose of optionally redeeming Bonds of any Series shall, unless otherwise directed by the Authority, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series and maturity as shall be specified by the Authority in a Request to the Trustee, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which the Series of Bonds was created; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the Authority, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Current Interest Bonds, accrued interest, which is payable from the Interest Fund) as is directed by the Authority, except that the purchase price (exclusive of any accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Bonds as maybe specified in a Request of the Authority.

**SECTION 5.12 Rebate Fund.**

(A) Upon receipt of funds to be applied to the Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Authority. Subject to the transfer provisions provided in paragraph (C) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Indenture and by the applicable Tax Certificates. The Authority hereby covenants to comply with the directions contained in each Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Authority delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 5.12(A) if it follows such instructions of the Authority, and the Trustee

shall have no liability or responsibility to enforce compliance by the Authority with the terms of any Tax Certificate nor to make computations in connection therewith.

(B) Pursuant to each Tax Certificate, an amount shall be deposited in the Rebate Fund by the Authority so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement applicable to the Series of Bonds to which such Tax Certificate relates. Computations of each Rebate Requirement shall be furnished by or on behalf of the Authority, to the Trustee in accordance with the applicable Tax Certificate.

(C) The Trustee shall invest all amounts held in the Rebate Fund, pursuant to written instructions of the Authority, in Investment Securities, subject to the restrictions set forth in the applicable Tax Certificate. Money shall not be transferred from the Rebate Fund except as provided in paragraph (D) below.

(D) Upon receipt of Rebate Instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Rebate Instructions. Any funds remaining in the Rebate Fund after redemption and payment of all of a Series of Bonds and payment and satisfaction of any Rebate Requirement applicable to such Series of Bonds, shall be withdrawn and remitted to the Authority in accordance with a Request of the Authority.

(E) Notwithstanding any other provision of the Indenture, including in particular thereof, the obligation to remit the Rebate Requirement applicable to each Series of Bonds to the federal government of the United States of America and to comply with all other requirements of this Section and each Tax Certificate shall survive the defeasance or payment in full of the Bonds.

#### **SECTION 5.13 Payment Provisions Applicable to Interest Rate Swap Agreements.**

In the event the Authority shall enter into an Interest Rate Swap Agreement in connection with a Series of Bonds, the amounts received by the Authority, if any, pursuant to such Interest Rate Swap Agreement may be applied to the deposits required hereunder. If the Authority so designates in a Supplemental Indenture establishing the terms and provisions of such Series of Bonds (or if such Interest Rate Swap Agreement is entered into subsequent to the issuance of such Series of Bonds, if the Authority so designates in a Certificate of the Authority delivered to the Trustee concurrently with the execution of such Interest Rate Swap Agreement), amounts payable under such Interest Rate Swap Agreement (excluding termination payments and payments of fees and expenses incurred in connection with Interest Rate Swap Agreements which shall in all cases be payable from, and secured by, Sales Tax Revenues on a subordinate basis to Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations) shall constitute Senior Obligations or Subordinate Obligations under this Indenture, as so designated, and in such event, the Authority shall pay or cause to be paid to the Trustee for deposit in the Senior Interest Fund or the Subordinate Interest Fund, as applicable, at the times and in the manner provided by Section 5.02 or 5.05, the amounts to be paid pursuant to such Interest Rate Swap Agreement, as if such amounts were additional interest due on the Series of Bonds to which such Interest Rate Swap Agreement relates, and the Trustee shall (as confirmed in writing by the Authority) pay to the Counterparty to such Interest Rate Swap Agreement, to the extent required thereunder, from amounts deposited in the

Senior Interest Fund or the Subordinate Interest Fund, as applicable, for the payment of interest on the Series of Bonds with respect to which such Interest Rate Swap Agreement was entered into.

**SECTION 5.14 Investment in Funds and Accounts.** All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested, as directed by the Authority two Business Days in advance of the making of such investments, solely in Investment Securities. All Investment Securities shall, as directed by the Authority in writing be acquired subject to the limitations set forth in Section 6.08, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Authority. If and to the extent the Trustee does not receive investment instructions from the Authority with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be held uninvested.

Moneys in any Bond Reserve Fund shall be invested in Investment Securities available on demand for the purpose of payment of the Bonds to which such Bond Reserve Fund relates as provided herein. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

Unless otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds: (i) all interest, profits and other income received from the investment of moneys in the Interest Fund representing accrued interest or capitalized interest shall be retained in the Interest Fund; (ii) all interest, profits and other income received from the investment of moneys in a Bond Reserve Fund shall be retained in such Bond Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Revenue Fund; (iii) all interest, profits and other income received from the investment of moneys in a Costs of Issuance Fund shall be transferred to the Revenue Fund; (iv) all interest, profits and other income received from the investment of moneys in a Project Fund shall be retained in such Project Fund, unless the Authority shall direct that such earnings be transferred to the Rebate Fund; (v) all interest, profits and other income received from the investment of moneys in the Rebate Fund shall be retained in the Rebate Fund, except as otherwise provided in Section 5.12, (vi) all interest, profits and other income received from the investment of moneys in any Purchase Fund shall be retained in such Purchase Fund; and (vii) all interest, profits and other income received from the investment of moneys in any other fund or account shall be transferred to the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

All Investment Securities credited to any Bond Reserve Fund shall be valued (at market value) as of [April] 1 and [October] 1 of each year (or the next succeeding Business Day if such day is not a Business Day), such market value to be determined by the Trustee in the manner then currently employed by the Trustee or in any other manner consistent with corporate trust industry standards. In determining the market value of Investment Securities, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (except the Rebate Fund and any Purchase Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Authority may impose its customary charge therefor. The Trustee may sell or present for redemption, any Investment Securities so purchased to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder. The Trustee may rely conclusively upon the investment direction of the Authority as to the suitability and legality of the directed investments.

## **ARTICLE VI COVENANTS OF THE AUTHORITY**

**SECTION 6.01 Punctual Payments.** The Authority will punctually pay or cause to be paid the principal or Redemption Price of and interest on all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Sinking Account Payments, but in each case only out of Revenues as provided in this Indenture..

**SECTION 6.02 Extension of Payment of Bonds.** The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any Bonds or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

**SECTION 6.03 Waiver of Laws.** The Authority will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

**SECTION 6.04 Further Assurances.** The Authority will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the

intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Indenture.

**SECTION 6.05 Against Encumbrances.** The Authority will not create or permit to exist any pledge, lien or charge upon any of the Sales Tax Revenues having priority over or having parity with the lien of the Bonds except only as permitted in Section 3.08.

**SECTION 6.06 Accounting Records and Financial Statements.**

(A) The Authority will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Revenues. Such books of record and account shall be available for inspection by the Trustee at reasonable hours and under reasonable circumstances.

(B) The Authority will furnish the Trustee, with copies to each Credit Provider and each Credit Enhancement Provider, within two hundred ten (210) days after the end of each Fiscal Year, or as soon thereafter as they can practically be furnished, the financial statements of the Authority for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of an Authorized Representative stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Authority to cure such default. Thereafter, a copy of such financial statements will be furnished to any Holder upon written request to the Authority, which copy of the financial statements may, at the sole discretion of the Authority, be provided by means of posting such financial statements on an internet site that provides access to the Holders.

**SECTION 6.07 Collection of Sales Tax Revenues.**

(A) The Authority covenants and agrees that it has duly levied the Measure A Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Authority. Said Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding in any manner which would reduce the amount or timing of receipt of Measure A Sales Tax Revenues, and the Authority will continue to levy and collect such retail transactions and use tax to the full amount permitted by law. The Authority further covenants that it has entered into an agreement with the CDTFA under and pursuant to which the CDTFA will process and supervise collection of said retail transactions and use tax and will transmit Measure A Sales Tax Revenues directly to the Trustee. Said agreement will be continued in effect so long as any Bonds are Outstanding and shall not be amended, modified or altered without the written consent of the Trustee so long as any of the Bonds are Outstanding. The Authority will receive and hold in trust for (and remit immediately to) the Trustee any Measure A Sales Tax Revenues paid to the Authority by the CDTFA. The Authority further covenants and agrees that it has entered into the [Measure W Sales Tax Transfer Agreement], and shall diligently

exercise all rights and remedies against the District for any failure of the District to comply with its obligations thereunder. The Authority covenants that so long as the Bonds are Outstanding, it will not agree to or permit any amendment or modification of the [Measure W Sales Tax Transfer Agreement] which would materially and adversely affect the rights of Bondholders.

(B) Sales Tax Revenues received by the Trustee shall be transmitted to the Authority pursuant to Section 5.02; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied as set forth in Section 7.02.

(C) The Authority covenants and agrees to separately account for all Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances.

(D) The Authority covenants that so long as the Bonds are Outstanding, it will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Act which would materially and adversely affect the rights of Bondholders.

**SECTION 6.08 Tax Covenants.** The Authority covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code; provided that, prior to the issuance of any Series of Bonds, the Authority may exclude the application of the covenants contained in this Section 6.08 and Section 5.12 to such Series of Bonds. The Authority will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority, or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the Authority will comply with all requirements of the Tax Certificate relating to each Series of the Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section 6.08 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Authority agrees that there shall be paid from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. The Authority specifically covenants to pay or cause to be paid to the federal government of the United States of America the Rebate Requirement with respect to each Series of Bonds at the times and in the amounts determined under and as described in the Tax Certificate executed and delivered in connection with such Series of Bonds.

Notwithstanding any provision of this Section 6.08, Section 5.12 and any Tax Certificate, if the Authority shall receive an Opinion of Bond Counsel to the effect that any action required under this Section 6.08, Section 5.12 or any Tax Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.



Notwithstanding any provisions of this Indenture, including particularly Article X, the covenants and obligations set forth in this Section 6.08 shall survive the defeasance of the Bonds or any Series thereof.

**SECTION 6.09 Continuing Disclosure.** Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed and delivered in connection with such Series of Bonds. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the provisions of any Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter or of the Holders of at least twenty-five (25%) aggregate principal amount of any Series of Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or beneficial owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section 6.09.

## **ARTICLE VII EVENTS OF DEFAULT AND REMEDIES**

**SECTION 7.01 Events of Default.** The following events shall be Events of Default:

(A) default in the due and punctual payment of the principal or Redemption Price of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any Sinking Account of any Bonds in the amounts and at the times provided therefor;

(B) default in the due and punctual payment of any installment of interest on any Bonds when and as such interest installment shall become due and payable;

(C) if the Authority shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (A) or (B) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee or by any Credit Provider; except that, if such failure can be remedied but not within such sixty (60) day period and if the Authority has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Authority shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(D) if any payment default shall exist under any agreement governing any Senior Obligations or any Subordinate Obligations, and such default shall continue beyond the grace period, if any, provided for with respect to such default;

(E) if the Authority files a petition in voluntary bankruptcy for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(F) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Authority insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(G) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the Revenues, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control; or

(H) if the Legislature of the State shall repeal or amend all or any portion of the provisions of the Act relating to the retail transactions and use tax, being Sections 131000 to 131304, inclusive, of the Public Utilities Code of the State unless the Authority has reasonably determined that said repeal or amendment does not materially and adversely affect the rights of Bondholders.

**SECTION 7.02 Application of the Revenues and Other Funds After Default; No Acceleration.** If an Event of Default shall occur and be continuing, the Authority shall immediately transfer to the Trustee all Revenues held by it and the Trustee shall apply all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (excluding the Rebate Fund and any Purchase Fund and except as otherwise provided in this Indenture) as follows and in the following order:

(1) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations, including the costs and expenses of the Trustee and the Bondholders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Indenture;

(2) to the payment of the whole amount of Bond Obligation then due on the Senior Bonds and Senior Obligations (upon presentation of the Senior Bonds and Senior Obligations to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 9.02), with interest on such Bond Obligation, at the rate or rates of interest borne by the respective Senior Bonds and Senior Obligations, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Senior Bonds and Senior Obligations which shall have become due, whether at

maturity, by call for redemption or otherwise, in the order of their due dates, with interest on the overdue Bond Obligation on Senior Bonds and Senior Obligations at the rate borne by the respective Senior Bonds and Senior Obligations, and, if the amount available shall not be sufficient to pay in full all the Senior Bonds and Senior Obligations due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Accreted Value (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference among holders of Senior Bonds and Senior Obligations, until all amounts due and payable thereunder are paid in full;

(3) to the payment of the whole amount of Bond Obligation then due on the Subordinate Bonds and Subordinate Obligations (upon presentation of the Subordinate Bonds and Subordinate Obligations to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 9.02), with interest on such Bond Obligation, at the rate or rates of interest borne by the respective Subordinate Bonds and Subordinate Obligations, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Subordinate Bonds and Subordinate Obligations which shall have become due, whether at maturity, by call for redemption or otherwise, in the order of their due dates, with interest on the overdue Bond Obligation on Subordinate Bonds and Subordinate Obligations at the rate borne by the respective Subordinate Bonds and Subordinate Obligations, and, if the amount available shall not be sufficient to pay in full all the Subordinate Bonds and Subordinate Obligations due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Accreted Value (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference among holders of Subordinate Bonds and Subordinate Obligations, until all amounts due and payable thereunder are paid in full; and

(4) to the payment of all other obligations payable hereunder.

Notwithstanding anything in this Indenture to the contrary, in no event are the Bonds subject to acceleration if an Event of Default occurs and is continuing.

**SECTION 7.03 Trustee to Represent Bondholders.** The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, this Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and, with respect to any Series of Highest Priority Obligations for which a Credit Enhancement has been provided, upon the written request of the Credit Provider providing such Credit Enhancement, or if such Credit Provider has failed to make a properly presented and conforming drawing under such Credit Enhancement, upon the written request of the Holders of not less than a majority in aggregate amount of Bond Obligation of the Highest Priority Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Holders

by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under this Indenture, the Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Sales Tax Revenues and other assets pledged under this Indenture, pending such proceedings; provided, however, that, with respect to any Series of Bonds for which a Credit Enhancement has been provided, the Trustee may only act with the consent of the Credit Provider providing such Credit Enhancement. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Indenture (including Section 7.05).

**SECTION 7.04 Bondholders' Direction of Proceedings.** Anything in this Indenture to the contrary (except provisions relating to the rights of a Credit Provider to direct proceedings as set forth in Section 7.10) notwithstanding, the Holders of a majority in aggregate amount of Bond Obligation of the Highest Priority Obligations then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Senior Obligations or Subordinate Obligations not parties to such direction.

**SECTION 7.05 Limitation on Bondholders' Right to Sue.** No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; provided, however, that the written consent of a Credit Provider providing a Credit Enhancement with respect to a Series of Bonds shall be required if the Credit Enhancement with respect to such Series of Bonds is in full force and effect and if the Credit Provider providing such Credit Enhancement is not then failing to make a payment as required in connection therewith.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Holders of Bonds, or to enforce any right under this Indenture, the Law or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture.

**SECTION 7.06 Absolute Obligation of the Authority.** Nothing in Section 7.05 or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**SECTION 7.07 Termination of Proceedings.** In case any proceedings taken by the Trustee, any Credit Provider or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, any Credit Provider or any Bondholders, then in every such case the Authority, the Trustee, each such Credit Provider and each such Holder, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee, each such Credit Provider and each such Holder shall continue as though no such proceedings had been taken.

**SECTION 7.08 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee, to any Credit Provider or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**SECTION 7.09 No Waiver of Default.** No delay or omission of the Trustee, any Credit Provider or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee, to any Credit Provider or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by Trustee or by any Credit Provider or by the Bondholders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

**SECTION 7.10 Credit Provider Directs Remedies Upon Event of Default.** Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, the Credit Provider then providing Credit Enhancement for any Series of Highest Priority Obligations shall be entitled to control and direct the enforcement of all rights

and remedies granted to the Holders of the Highest Priority Obligations secured by such Credit Enhancement or granted to the Trustee for the benefit of the Holders of the Highest Priority Obligations secured by such Credit Enhancement, provided that the Credit Provider's consent shall not be required as otherwise provided herein if such Credit Provider has failed to honor a properly presented and conforming drawing pursuant to the terms set forth in the Credit Enhancement provided by such Credit Provider.

## **ARTICLE VIII THE TRUSTEE**

### **SECTION 8.01 Appointment; Duties Immunities and Liabilities of Trustee.**

(A) The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Trustee under this Indenture and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(B) The Authority may remove the Trustee upon a thirty (30) day written notice unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate amount of Bond Obligation of the Highest Priority Obligations then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (E) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and each Credit Provider then providing a Credit Enhancement for any Series of Bonds, and thereupon shall appoint a successor Trustee by an instrument in writing. In each case such removal shall be accomplished by the giving of at least 30 days' written notice of such removal by the Authority to the Trustee, whereupon the Authority shall appoint a successor Trustee by an instrument in writing.

(C) The Trustee may at any time resign by giving thirty (30) days prior written notice of such resignation to the Authority and each Credit Provider then insuring any Series of Bonds and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

(D) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within forty-five (45) days

of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Holder of Highest Priority Obligations (on behalf of himself and all other Holders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority, each Credit Provider then insuring any Series of Bonds and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Bondholders at the addresses shown on the registration books maintained by the Trustee. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(E) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a national banking association, trust company or bank having the powers of a trust company having (or, if such trust company, national banking association or bank is a member of a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least one hundred million dollars (\$100,000,000), and subject to supervision or examination by federal or state authority. If such national banking association, bank or trust company or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such national banking association, bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (E), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

**SECTION 8.02 Accounting Records and Monthly Statements.** The Trustee shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including proceeds of each Series of Bonds and moneys derived from, pledged to, or to be used to make payments on each Series of Bonds. Such records shall specify the account or fund to which each deposit and each investment (or portion thereof) held by the Trustee is allocated and shall set forth, in the case of each investment security, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount

received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity. The Trustee shall furnish the Authority with a monthly statement (which may be in the form of its customary accounting statement) which shall include a summary of all deposits and all investment transactions related to each Series of Bonds then Outstanding, such statement to be provided to the Authority no later than the fifth (5th) Business Day of the month following the month to which such statement relates, the first such monthly statement to be provided by the fifth (5th) Business Day of the month immediately following the month in which the 2020 Bonds are delivered by the Trustee pursuant to the provisions of this Indenture.

**SECTION 8.03 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (E) of Section 8.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**SECTION 8.04 Liability of Trustee.**

(A) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of this Indenture, or of the Bonds, as to the sufficiency of the Revenues or the priority of the lien of this Indenture thereon, or as to the financial or technical feasibility of any portion of the Project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, or willful misconduct. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Holder of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Indenture. The Trustee may in good faith hold any other form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority and make disbursements for the Authority and enter into any commercial or business arrangement therewith, without limitation.

(B) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

(C) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method



and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(D) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any Credit Provider or any of the Bondholders pursuant to the provisions of this Indenture, including, without limitation, the provisions of Article VII hereof, unless such Credit Provider or such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; provided, however, that no security or indemnity shall be requested or required for the Trustee to deliver a notice to obtain funds under the Credit Enhancement delivered in connection with any Series of Bonds in order to pay principal of and interest on such Series of Bonds.

(E) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder or in the exercise of its rights or powers.

(F) The Trustee shall not be deemed to have knowledge of, and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in subsections (A) or (B) of Section 7.01) or event that would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the Authority, any Credit Provider then providing a Credit Enhancement for a Series of Bonds or the Holders of twenty-five percent (25%) of the Bond Obligation Outstanding. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the Authority of the terms, conditions, covenants or agreements set forth in Article VI hereof (including, without limitation, the covenants of the Authority set forth in Section 5.12 and 6.08 hereof, other than the covenants of the Authority to make payments with respect to the Bonds when due as set forth in Section 6.01 and to file with the Trustee when due, such reports and certifications as the Authority is required to file with the Trustee hereunder.

(G) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(H) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, requisition, bond, debenture, coupon or other , paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may. see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

(I) The Trustee shall not be responsible for:

(1) the application or handling by the Authority of any Revenues or other moneys transferred to or pursuant to any Requisition or Request of the Authority in accordance with the terms and conditions hereof;

(2) the application and handling by the Authority of any other fund or account designated to be held by the Authority hereunder;

(3) any error or omission by the Authority in making any computation or giving any instruction pursuant to Section 5.12 and Section 6.08 and may rely conclusively on the Rebate Instructions and any computations or instructions furnished to it by the Authority in connection with the requirements of Section 5.12, Section 6.08 and each Tax Certificate;

(4) the construction, operation or maintenance of any portion of the Project by the Authority.

(J) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

(K) The Trustee may conclusively rely upon the Authority's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Permitted Investments.

(L) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized Instructions and the risk of interception and misuse by third parties; (i i) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (i ii) that the security procedures (if any) to be followed in connection with

its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(M) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

**SECTION 8.05 Right of Trustee to Rely on Documents and Opinions.** The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, counsel of or to the Authority, and may request an opinion of counsel, with regard to legal questions, including, without limitation, legal questions relating to proposed modifications or amendments of this Indenture, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including, without limitation, matters relating to proposed modifications or amendments of this Indenture, the Trustee may request a Certificate of the Authority and such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by such Certificate of the Authority, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Trustee may also rely conclusively on any report, statement, requisition, facsimile transmission, electronic mail or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the Authority or selected by the Trustee with due care in connection with matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

**SECTION 8.06 Compensation and Indemnification of Trustee.** The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or

performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive the discharge of the Bonds and this Indenture and the resignation or removal of the Trustee.

## **ARTICLE IX MODIFICATION OR AMENDMENT OF THIS INDENTURE**

### **SECTION 9.01 Amendments Permitted.**

(A) (1) This Indenture and the rights and obligations of the Authority, the Holders of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into when the written consent of the Holders of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding shall have been filed with the Trustee, together with the written consent of each Credit Provider then providing a Credit Enhancement for any Series of Bonds which shall be materially and adversely affected by such amendment, which consent shall not be unreasonably withheld; provided, however, that such written consent shall be required only if the Credit Enhancement provided by such Credit Provider is in full force and effect and if the Credit Provider has not failed to honor a properly presented and conforming drawing in connection therewith; provided further, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section; provided further, that no such modification or amendment may materially and adversely affect the Holders of the Senior Bonds without the written consent of a majority in aggregate amount of Bond Obligation of the Senior Bonds then Outstanding and no such modification or amendment may materially and adversely affect the Holders of the Subordinate Bonds without the written consent of a majority in aggregate amount of Bond Obligation of the Subordinate Bonds then Outstanding.

(2) No such modification or amendment shall (a) extend the maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (b) reduce the aforesaid percentage of Bond Obligation the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Holders of the Bonds of the lien created by this Indenture on such Revenues and other assets (in each case, except as expressly provided in this Indenture), without the consent of the Holders of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution and delivery by the Authority and the Trustee of any Supplemental Indenture pursuant to this Section 9.01(A), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Holders of the Bonds at the addresses shown on the

registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(B) This Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Holders of the Bonds, but with the written consent of each Credit Provider then providing a Credit Enhancement for any Series of Bonds which shall be materially and adversely affected by such amendment, which consent shall not be unreasonably withheld; provided, however, that such written consent shall be required only if the Credit Enhancement provided by such Credit Provider is in full force and effect and if the Credit Provider has not failed to honor a properly presented and conforming drawing in connection therewith, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Holders of the Bonds; ‘

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially and adversely affect the interests of the Holders of the Bonds;

(4) to provide for the issuance of an additional Series of Bonds pursuant to the provisions of Article III hereof;

(5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Capital Appreciation Bonds, Senior Obligations, Subordinate Obligations or Variable Rate Indebtedness, with such interest rate, payment, maturity and other terms as the Authority may deem desirable; subject to the provisions of Section 3.02, Section 3.03, 3.05, 3.06 and 3.08;

(6) to make modifications or adjustments necessary, appropriate or desirable to provide for change from one interest rate mode to another in connection with any Series of Bonds;

(7) to make modifications or adjustments necessary, appropriate or desirable to accommodate Credit Enhancements, Credit Facilities and Reserve Facilities;

(8) to make modifications or adjustments necessary, appropriate or desirable to provide for the appointment of an auction agent, a broker-dealer, a remarketing agent, a tender agent and/or a paying agent in connection with any Series of Bonds;

(9) to modify the auction provisions applicable to any Series of Bonds in accordance with the terms and provisions set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds;

(10) to provide for any additional covenants or agreements necessary to maintain the tax-exempt status of interest on any Series of Bonds;

(11) if the Authority agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;

(12) to provide for the issuance of Bonds in book-entry form or bearer form and/or to modify or eliminate the book-entry registration system for any Series of Bonds;

(13) to modify, alter, amend or supplement this Indenture in any other respect, including amendments that would otherwise be described in Section 9.01(A), if the effective date of such amendments is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the provisions of this Indenture or if notice of the proposed amendments is given to Holders of the affected Bonds at least thirty (30) days before the proposed effective date of such amendments and, on or before such effective date, such Holders have the right to demand purchase of their Bonds pursuant to the provisions of this Indenture or if all Bonds affected thereby are in an auction mode and a successful auction is held following notice of such amendment; and

(14) for any other purpose that does not materially and adversely affect the interests of the Holders of the Bonds.

provided, in addition to the limitations set forth in Section 9.01, that no such amendment may permit, or be construed as permitting: (i) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond, or (ii) a reduction in the principal amount of, or the redemption premium or the rate of interest on, any Bond, or (iii) a preference or priority of any Senior Bond over any other Senior Bond, or (iv) a preference or priority of an Subordinate Bond over any Senior Bond, (v) a preference or priority of any Subordinate Bond over any other Subordinate Bond, or (vi) a reduction in the Bond amount required for any consent to any amendment pursuant to Section 9.01.

Any Supplemental Indenture entered into pursuant to this Section shall be deemed not to materially adversely affect the interest of the Holders so long as (i) all Bonds are secured by a Credit Enhancement and (ii) each Credit Provider shall have given its written consent to such Supplemental Indenture as provided in Section 9.01(A).

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (A) or (B) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Prior to the Trustee entering into any Supplemental Indenture hereunder, the Authority shall deliver to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture.

**SECTION 9.02 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**SECTION 9.03 Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved, by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Holder of any Bond Outstanding at the time of such execution and presentation of his Bond for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the Corporate Trust Office, without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series, tenor and maturity.

**SECTION 9.04 Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## **ARTICLE X DEFEASANCE**

**SECTION 10.01 Discharge of Indenture.** Bonds of any Series or a portion thereof may be paid by the Authority in any of the following ways:

- (A) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when they become due and payable;
- (B) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem such Outstanding Bonds; or
- (C) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the Authority shall pay all Series for which any Bonds are Outstanding and all Senior Obligations and Subordinate Obligations and also pay or cause to be paid all other sums payable

hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Sales Tax Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Authority under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Authority all moneys or securities or other property held by it pursuant to this Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

In connection with the payment and discharge of Bonds of any Series, the applicable Credit Facility shall be cancelled and returned to the applicable Credit Facility Provider.

**SECTION 10.02**     **Discharge of Liability on Bonds.** Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, provided that the Holder thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment.

If the Bonds being discharged are Variable Rate Indebtedness, (i) the Bonds shall be redeemed at the first possible redemption date or purchase date applicable to such Bonds and to the extent the rate of interest payable on such Bonds prior to such redemption or purchase date is not known, such rate of interest shall be assumed to be the maximum rate payable thereon or (ii) the Trustee shall receive a confirmation from the Rating Agency then rating the Bonds that the defeasance will not result in the reduction or withdrawal of the then-current ratings on the Bonds.

The Authority may at my time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Notwithstanding anything in this Section 10.02 to the contrary, if the principal of or interest on a Series of Bonds shall be paid by a Credit Provider pursuant to the Credit Enhancement issued in connection with such Series of Bonds, the obligations of the Authority shall not be deemed to be satisfied or considered paid by the Authority by virtue of such payments, and the right, title and



interest of the Authority herein and the obligations of the Authority hereunder shall not be discharged and shall continue to exist and to run to the benefit of such Credit Provider, and such Credit Provider shall be subrogated to the rights of the Holders of the Bonds of such Series.

**SECTION 10.03**     **Deposit of Money or Securities.** Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(A)     lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(B)     Defeasance Securities the principal of and interest on which when due will, in the opinion of an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm delivered to the Trustee (as confirmed by a verification report upon which verification report the Trustee may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

**SECTION 10.04**     **Payment of Bonds After Discharge of Indenture.** Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Bond and remaining unclaimed for one (1) year after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such principal, Redemption Price or interest on any Bond if such moneys were deposited after the date when such Bond became due and payable, shall be repaid (without liability for interest) to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail to the Holders of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Holders thereof and the Trustee shall not be required to pay Holders any interest on, or be liable to the

Holders or any other person (other than the Authority) for interest earned on, moneys so held. Any interest earned thereon shall belong to the Authority and shall be deposited upon receipt by the Trustee into the Revenue Fund.

## **ARTICLE XI MISCELLANEOUS**

**SECTION 11.01**     **Liability, of Authority Limited to Sales Tax Revenues.**  
Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Sales Tax Revenues and other assets pledged hereunder for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this Indenture.

**SECTION 11.02**     **Successor Is Deemed Included in All References to Predecessor.**  
Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**SECTION 11.03**     **Limitation of Rights.** Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Authority, the Trustee, each Credit Provider, each Credit Enhancement Provider, each Reserve Facility Provider, the Holders of the Bonds and the holders of any Senior Obligations, including each Counterparty, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, each Credit Provider, each Credit Enhancement Provider, each Reserve Facility Provider, the Holders of the Bonds and the holders of any Senior Obligations, including each Counterparty. Each Credit Provider and each Credit Enhancement Provider is an express third party beneficiary of this Indenture.

**SECTION 11.04**     **Waiver of Notice.** Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**SECTION 11.05**     **Destruction or Delivery of Canceled Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Bonds, and deliver upon request a certificate of such destruction to the Authority.

**SECTION 11.06**     **Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality

or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

**SECTION 11.07**     **Notice to Authority and Trustee.** Any notice to or demand may be served or presented, and such demand may be made and shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the parties as listed below. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

Trustee:           The Bank of New York Mellon Trust Company, N.A.  
                      400 South Hope St., 4<sup>th</sup> Floor  
                      Los Angeles, CA 90071  
                      Attention: Corporate Trust Administration

Authority:         San Mateo County Transportation Authority  
                      1250 San Carlos, CA 94070  
                      Attention: Chief Financial Officer

**SECTION 11.08**     **Evidence of Rights of Bondholders.** Any request, consent or other instrument required or permitted by this indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Trustee. The Trustee may establish a record date as of which to measure consent of the Holders in order to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

**SECTION 11.09 Disqualified Bonds.** In determining whether the Holders of the requisite aggregate Bond Obligation of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds that are owned or held by or for the account of the Authority, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlled by, or under direct or indirect common control with, the Authority. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**SECTION 11.10 Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal, Redemption Price or purchase price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

**SECTION 11.11 Funds and Accounts.** Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

**SECTION 11.12 Limitations on Rights of Credit Providers, Credit Enhancement Provider, Reserve Facility Providers.** A Supplemental Indenture establishing the terms and provisions of a Series of Bonds may provide that any Credit Provider, Credit Enhancement Provider or Reserve Facility Provider may exercise any right under this Indenture given to the Holders of the Bonds to which such Credit Enhancement, Credit Facility or Reserve Facility relates. All provisions under this Indenture authorizing the exercise of rights by a Credit Provider, a Credit Enhancement Provider or a Reserve Facility Provider with respect to consents, approvals, directions, waivers, appointments, requests or other actions, shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider, Credit Enhancement Provider or Reserve Facility Provider were not mentioned therein (i) during any period during which such Credit Provider, Credit Enhancement Provider or Reserve Facility Provider has failed to honor a properly presented and conforming drawing under the applicable Credit Enhancement, Credit Facility or Reserve Facility or (ii) after the applicable Credit Enhancement, Credit Facility or Reserve Facility shall at any time for any reason cease to be valid and binding on the provider thereof, or shall be declared to be null and void by final, non-appealable judgment of a court of competent jurisdiction, or after the Credit Enhancement, Credit Facility or Reserve Facility has been rescinded, repudiated by the provider

thereof. All provisions relating to the rights of a Credit Provider, Credit Enhancement Provider or Reserve Facility Provider shall be of no further force and effect if all amounts owing to such Credit Provider, Credit Enhancement Provider or Reserve Facility Provider shall have been paid pursuant to the terms of the applicable Credit Enhancement, Credit Facility or Reserve Facility and such Credit Enhancement, Credit Facility or Reserve Facility shall no longer be in effect. Each Credit Provider, Credit Enhancement Provider or Reserve Facility Provider with respect to Bonds or any Series is an express third-party beneficiary of this Indenture with the power to enforce the provisions hereof against the parties hereto, subject to the provisions herein.

**SECTION 11.13** Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to “Articles, “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

**SECTION 11.14** Waiver of Personal Liability. No Board member, officer, agent or employee of the Authority or the Trustee shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds or be subject to any personal liability or-accountability by reason of the issuance thereof; but . nothing herein contained shall relieve any such Board member, officer, agent or employee of the Authority or the Trustee from the performance of any of any official duty provided by law or by this Indenture.

**SECTION 11.15** Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

**SECTION 11.16** Business Day. Except as specifically set forth in this Indenture or a Supplemental Indenture, transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day with the same effect as if made on such prior date.

**SECTION 11.17** Effective Date of Indenture. This Indenture shall take effect upon its execution and delivery.

**SECTION 11.18** Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the day and year first written above,

SAN MATEO COUNTY  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

(Seal)

ATTEST

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM

\_\_\_\_\_  
General Counsel

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

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FIRST SUPPLEMENTAL INDENTURE

between

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee

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Dated as of July 1, 2020

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Relating to

SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)  
2020 SERIES A AND 2020 SERIES B

(Supplementing the Indenture  
Dated as of July 1, 2020)

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## TABLE OF CONTENTS

	Page
ARTICLE XII DEFINITIONS.....	2
Section 12.01 Definitions.....	2
Section 12.02 Rules of Construction .....	13
ARTICLE XIII FINDINGS, DETERMINATIONS AND DIRECTIONS .....	13
Section 13.01 Findings and Determinations .....	13
Section 13.02 Recital in Bonds .....	13
Section 13.03 Effect of Findings and Recital .....	13
ARTICLE XIV AUTHORIZATION OF 2020 BONDS .....	13
Section 14.01 Principal Amount, Designation and Series .....	13
Section 14.02 Purpose and Application of Proceeds .....	14
Section 14.03 Form, Denomination, Numbers and Letters .....	14
Section 14.04 Date, Maturities and Interest Rates.....	14
Section 14.05 Interest Rates on 2020 Bonds .....	15
ARTICLE XV REDEMPTION AND PURCHASE OF 2020 BONDS .....	31
Section 15.01 Optional Redemption of 2020 Bonds .....	31
Section 15.02 Mandatory Redemption of 2020 Bonds From Mandatory Sinking Account Payments.....	33
Section 15.03 Purchase In Lieu of Redemption.....	35
Section 15.04 Holder’s Option to Tender 2020 Bonds for Purchase.....	35
Section 15.05 Mandatory Tender of 2020 Bonds for Purchase .....	36
Section 15.06 Delivery of Tendered 2020 Bonds.....	39
Section 15.07 2020 Bonds Deemed Purchased.....	39
Section 15.08 Deposit of 2020 Bonds.....	40
Section 15.09 Remarketing of Tendered 2020 Bonds .....	40
Section 15.10 Deposits into Accounts in the 2020 Bonds Purchase Fund .....	44
Section 15.11 Disbursements from the 2020 Bonds Purchase Fund .....	44
Section 15.12 Delivery of 2020 Bonds .....	45
Section 15.13 Credit Support Instrument and Liquidity Facility; Bank Bonds.....	46
Section 15.14 Alternate Credit Support Instrument and Alternate Liquidity Facility .....	48
Section 15.15 Remarketing Agents for the 2020 Bonds.....	49



ARTICLE XVI	PURCHASE OF 2020 BONDS AT DIRECTION OF AUTHORITY.....	50
Section 16.01	Mandatory Tender for Purchase of 2020 Bonds at Direction of Authority .....	50
Section 16.02	Delivery of Tendered 2020 Bonds .....	51
Section 16.03	2020 Bonds Deemed Purchased.....	51
Section 16.04	Deposit of 2020 Bonds.....	52
Section 16.05	Payment of Optional Purchase Price of 2020 Bonds .....	52
Section 16.06	2020 Bonds Owned by Authority .....	53
ARTICLE XVII	ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF .....	53
Section 17.01	Funds and Accounts .....	53
Section 17.02	2020 Project Fund .....	53
Section 17.03	Funding and Application of the 2020 Bonds Reserve Fund; Bond Reserve Requirement for the 2020 Bonds.....	54
Section 17.04	2020 Bonds Purchase Fund.....	54
ARTICLE XVIII	MISCELLANEOUS .....	57
Section 18.01	Severability .....	57
Section 18.02	Parties Interested Herein .....	57
Section 18.03	Headings Not Binding.....	57
Section 18.04	Notice Addresses .....	57
Section 18.05	Notices to Rating Agencies.....	58
Section 18.06	Certain References Herein .....	58
Section 18.07	Indenture to Remain in Effect.....	58
Section 18.08	Effective Date of First Supplemental Indenture .....	58
Section 18.09	Execution in Counterparts.....	58
EXHIBIT A	FORM OF 2020 BOND .....	A-1
EXHIBIT B	NOTICE ADDRESSES .....	B-1

## **FIRST SUPPLEMENTAL INDENTURE**

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of July 1, 2020 (this “First Supplemental Indenture”), between the SAN MATEO COUNTY TRANSPORTATION AUTHORITY, a public entity duly established and existing under the laws of the State of California (the “Authority”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”):

### **WITNESSETH:**

WHEREAS, this First Supplemental Indenture is supplemental to the Indenture, dated as of July 1, 2020 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Authority and the Trustee;

WHEREAS, the Indenture provides that the Authority may issue Bonds from time to time as authorized by a Supplemental Indenture, which Bonds are to be payable from Revenues and from such other sources as may be specified with respect to a particular Series of Bonds in the Supplemental Indenture authorizing such Series;

WHEREAS, the Authority desires to provide at this time for the issuance of (i) a Series of Subordinate Bonds to be designated “San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A” (the “2020 Series A Bonds”), and (ii) a Series of Subordinate Bonds to be designated “San Mateo County Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), 2020 Series B” (the “2020 Series B Bonds,” and together with the 2020 Series A Bonds, the “2020 Bonds”), all for the purpose of providing funds to pay for the Costs of the Project and all as provided in this First Supplemental Indenture;

WHEREAS, to provide liquidity for any 2020 Bonds tendered for purchase in accordance with this Indenture and to support the payment of principal of and interest on the 2020 Bonds, the Authority will concurrently enter into the initial Credit Support Agreement (as defined herein) pursuant to which the initial Credit Support Instrument (as defined herein) will be issued by the initial Credit Provider; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the 2020 Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, the parties hereto hereby agree as follows:

## ARTICLE XII DEFINITIONS

### Section 12.01 Definitions.

(a) Definitions. Unless the context otherwise requires, all terms which are defined in Section 1.02 of the Indenture shall have the same meanings in this First Supplemental Indenture.

(b) Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this First Supplemental Indenture, have the following meanings:

**“Alternate Credit Support Instrument”** shall mean a replacement Credit Support Instrument issued to replace an existing Credit Support Instrument; provided, however, that any amendment, extension, renewal or substitution of the Credit Support Instrument then in effect for the purpose of extending the expiration date of such Credit Support Instrument or modifying such Credit Support Instrument pursuant to its terms shall not be deemed to be an Alternate Credit Support Instrument for purposes of this First Supplemental Indenture.

**“Alternate Liquidity Facility”** shall mean a Liquidity Facility issued to replace a Liquidity Facility to purchase 2020 Bonds as provided in this First Supplemental Indenture and any amendment or assignment of a Liquidity Facility which results in a change in the Liquidity Provider.

**“Applicable Spread”** has the meaning specified in Section 14.05(a)(iv)(B).

**“Authority Account”** means, as applicable, the 2020 Series A Authority Account or the 2020 Series B Authority Account, within the 2020 Bonds Purchase Fund established pursuant to Section 17.01(c).

**“Authorized Denominations”** means, with respect to 2020 Bonds: (i) during a Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, \$100,000 and any integral multiple of \$5,000 in excess thereof, and (ii) during a Term Rate Period, an Index Rate Period or the Fixed Rate Period, \$5,000 and any integral multiple thereof; provided, however, that if as a result of a Conversion of a Series of 2020 Bonds from a Term Rate Period to another Interest Rate Determination Method, it is not possible to deliver all the Bonds of a Series required or permitted to be Outstanding in a denomination permitted above, 2020 Bonds of a Series may be delivered, to the extent necessary, in different denominations.

**“Available Moneys”** means (a) with respect to any Bond Payment Date occurring during the term of a Credit Support Instrument or Liquidity Facility, moneys (other than moneys received from draws under the Credit Support Instrument or Liquidity Facility or remarketing proceeds) which have been on deposit with and pursuant to written direction of the Authority and segregated by the Trustee for at least 123 days, during or prior to which no Event of Bankruptcy shall have occurred, as evidenced by a certificate of the Authority to the Trustee, upon which the Trustee may conclusively rely, (b) moneys received from draws under the Credit Support Instrument or Liquidity Facility and remarketing proceeds and (c) proceeds with respect to the refunding of any of the 2020 Bonds.

**“Bank Bonds”** shall mean 2020 Bonds purchased by a Liquidity Provider or Credit Provider or its assignee pursuant to a Liquidity Facility or Credit Support Instrument during the period beginning on the date such Bonds are purchased until the earlier of (i) the date on which such Bonds are remarketed to a purchaser identified by the applicable Remarketing Agent, or (ii) the date on which the Liquidity Provider or the Credit Provider elects not to sell such Bonds to a purchaser identified by such Remarketing Agent pursuant to the terms of the Liquidity Facility or Credit Support Agreement, as applicable.

**“Bank Purchase Account”** means, as applicable, the 2020 Series A Bank Purchase Account or the 2020 Series B Bank Purchase Account, within the 2020 Bonds Purchase Fund established pursuant to Section 17.01(c).

**“Bond Payment Date”** means each Semi-Annual Interest Payment Date. Principal shall be paid on December 1 of each year as set forth in Section 5.07, subject to the terms of the Indenture.

**“Business Day”** means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close, (iii) a day on which banking institutions or governmental offices in the State or the office of the Credit Provider or Liquidity Provider where draws on the Credit Support Instrument or the Liquidity Facility, as applicable, are to be presented are authorized or required to close, (iv) a day on which the Remarketing Agent is authorized or required to be closed, or (v) a day on which the New York Stock Exchange is closed.

**“Calendar Week”** means the period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week.

**“Commercial Paper Rate”** means the interest rate established from time to time pursuant to Section 14.05(a)(iii).

**“Commercial Paper Rate Period”** means each period during which 2020 Bonds bear interest at a Commercial Paper Rate determined pursuant to Section 14.05(a)(iii).

**“Commercial Paper Tender Bonds”** shall have the meaning set forth in Section 15.09(a).

**“Conversion”** means any conversion of the 2020 Bonds from one Interest Rate Determination Method to another, which may be made from time to time in accordance with the terms of Section 14.05(b).

**“Conversion Date”** means the date any Conversion of 2020 Bonds becomes effective in accordance with Section 14.05(b) (or, with respect to notices, time periods and requirements in connection with the proceedings for such Conversion, the day on which it is proposed that such Conversion occur).

**“Conversion Notice”** shall have the meaning set forth in Section 14.05(b).

**“Credit Provider”** shall mean the provider of a Credit Support Instrument that is performing in all material respects its obligations under such Credit Support Instrument, and its

successors and permitted assigns, and, upon the effective date of an Alternate Credit Support Instrument, the bank or banks or other financial institution or financial institutions or other Person or Persons issuing such Alternate Credit Support Instrument, their successors and assigns. If any Alternate Credit Support Instrument is issued by more than one bank, financial institution or other Person, notices required to be given to the Credit Provider may be given to the bank, financial institution or other Person under such Alternate Credit Support Instrument appointed to act as agent for all such banks, financial institutions or other Persons. The initial Credit Provider for the 2020 Bonds shall be Bank of America, N.A.

**“Credit Support Agreement”** shall mean, with respect to any Credit Support Instrument, the agreement or agreements (which may be the Credit Support Instrument itself) between the Authority and the applicable Credit Provider, as originally executed or as it may from time to time be replaced, supplemented or amended in accordance with the provisions thereof, providing for the reimbursement to the Credit Provider for payments under such Credit Support Instrument or for extensions of credit made to the Authority by the Credit Provider, and the interest thereon, and includes any subsequent agreement pursuant to which an Alternate Credit Support Instrument is provided, together with any related pledge agreement, security agreement or other security document. The initial Credit Support Agreement for the 2020 Bonds shall be the Reimbursement Agreement, dated as of July 1, 2020, between the Authority and Bank of America, N.A.

**“Credit Support Instrument”** shall mean a policy of insurance, a letter of credit, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit (and to the extent applicable, liquidity) support with respect to the payment of principal of and interest on (and to the extent applicable, Purchase Price of) the 2020 Bonds, but shall not include a Debt Service Reserve Account Policy, and any Alternate Credit Support Instrument delivered pursuant to Section 15.14 and with terms that are not inconsistent with the terms of this First Supplemental Indenture. The initial Credit Support Instrument for the 2020 Bonds shall be Letter of Credit No. \_\_\_\_\_, dated the Closing Date, issued by Bank of America, N.A., and will provide support with respect to the payment of principal, the Purchase Price of and interest on the 2020 Bonds.

**“Daily Put Bonds”** shall have the meaning set forth in Section 15.09(a).

**“Daily Rate”** means the interest rate established from time to time pursuant to Section 14.05(a)(i).

**“Daily Rate Index”** means, on any Business Day, the SIFMA Swap Index or, if the SIFMA Swap Index is no longer published, an index or rate agreed upon by the Authority and the Remarketing Agent; provided, however, that if the Remarketing Agent advises the Trustee and the Authority that the use of such index would not result or no longer results in a market rate of interest on the Bonds, “Daily Rate Index” shall mean, subject to a Favorable Opinion of Bond Counsel, an index agreed to by the Authority and the Remarketing Agent that would result in a market rate of interest on the Bonds, which Daily Index Rate shall in no event exceed the Maximum Rate.

**“Daily Rate Period”** means any period during which a Series of 2020 Bonds bears interest at the Daily Rate.

**“Eligible Account”** means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor’s short-term debt rating of at least “A-2” (or, if no short-term debt rating, a long-term debt rating of “BBB+”); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

**“Event of Bankruptcy”** means an event described in Section 7.01(E), (F) or (G) of the Indenture.

**“Expiration”** (and other forms of “expire”) means, when used with respect to a Credit Support Instrument or Liquidity Facility, the expiration of such Credit Support Instrument or Liquidity Facility in accordance with its terms.

**“Favorable Opinion of Bond Counsel”** means, with respect to any action requiring such an opinion, an Opinion of Bond Counsel to the effect that such action will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds or such portion thereof as shall be affected thereby.

**“First Supplemental Indenture”** means this First Supplemental Indenture, between the Authority and the Trustee, as amended and supplemented from time to time.

**“Fixed Rate”** means the fixed rate borne by any Series of 2020 Bonds from the Fixed Rate Conversion Date for such Series of Bonds, which rate shall be established in accordance with Section 14.05(a)(v).

**“Fixed Rate Computation Date”** means any Business Day during the period from and including the date of receipt of a Conversion Notice relating to a Fixed Rate Conversion to and including the Business Day next preceding the proposed Conversion Date.

**“Fixed Rate Conversion Date”** means the Conversion Date on which the interest rate on any Series of 2020 Bonds shall be converted to a Fixed Rate.

**“Fixed Rate Period”** means the period from and including the Fixed Rate Conversion Date of any Series of 2020 Bonds converted to a Fixed Rate to and including their maturity date or earlier date of redemption.

**“Indenture”** shall have the meaning set forth in the recitals hereto.

**“Index Agent”** means such Person designated by the Authority to act as the Index Agent.

**“Index Bonds”** means 2020 Bonds bearing interest at the Index Rate.

**“Index Rate”** means the interest rate established from time to time pursuant to Section 14.05(a)(vi), provided, however, that in no event may the Index Rate exceed the Maximum Rate.

**“Index Rate Continuation Notice”** has the meaning given to that term in Section 14.05(a)(vi)(D).

**“Index Rate Determination Date”** means a date that is two London Banking Days preceding the date of a Conversion to the Index Rate Period, a date that is two London Banking Days preceding each Purchase Date during the Index Rate Period, and a date that is two London Banking Days preceding each Interest Payment Date during the Index Rate Period; provided, that if the Authority obtains a Favorable Opinion of Bond Counsel, “Index Rate Determination Date” shall mean such other date as is determined by the Authority in consultation with the Remarketing Agent in accordance with Section 14.05(b)(1)(C).

**“Index Rate Index”** means 67% of the Three-Month LIBOR Rate or, if the Three-Month LIBOR Rate is not available, any of (i) 67% of the Treasury Rate, (ii) the SIFMA Swap Index and (iii) SOFR, as determined by the Authority; provided, that if the Authority obtains a Favorable Opinion of Bond Counsel, “Index Rate Index” shall mean such other index as is determined by the Authority in consultation with the Remarketing Agent at the commencement of an Index Rate Period in accordance with Section 14.05(b)(i)(C).

**“Index Rate Interest Accrual Period”** has the meaning given to that term in Section 14.05(a)(vi)(C).

**“Index Rate Period”** means any period during which 2020 Bonds bear interest at the Index Rate.

**“Interest Payment Date”** means (a) with respect to the 2020 Bonds: (i) in the Daily Rate Period or the Weekly Rate Period, each Semi-Annual Interest Payment Date; (ii) in the Commercial Paper Rate Period, the day immediately succeeding the last day of each Commercial Paper Rate Period for such 2020 Bond; (iii) each Conversion Date; (iv) in the Term Rate Period or the Fixed Rate Period, each Semi-Annual Interest Payment Date; and (v) in the Index Rate Period, each Semi-Annual Interest Payment Date, or, if the Authority obtains a Favorable Opinion of Bond Counsel, on such other periodic dates as shall be selected by the Authority in accordance with Section 14.05(b)(1)(C); and (b) in all events, the final maturity date, redemption date or Optional Purchase Date of each 2020 Bond.

**“Interest Rate Determination Method”** means any of the methods of determining the interest rate on the 2020 Bonds from time to time as described in Section 14.05(a).

**“Issue Date”** means, with respect to the 2020 Bonds, the date on which the 2020 Bonds are first delivered to the purchasers thereof.

**“Liquidity Facility”** shall mean a letter of credit, standby bond purchase agreement, line of credit, loan, guaranty or similar agreement delivered by a Liquidity Provider to provide liquidity support to pay the Purchase Price of the 2020 Bonds tendered for purchase and which have not been remarketed in accordance with the provisions of this First Supplemental Indenture and any Alternate Liquidity Facility delivered pursuant to Section 15.14 of this First Supplemental Indenture and with terms that are not inconsistent with the terms of this First Supplemental Indenture.

**“Liquidity Provider”** shall mean the provider of a Liquidity Facility, and its successors and permitted assigns, and, upon the effective date of an Alternate Liquidity Facility, the bank or banks or other financial institution or financial institutions or other Person or Persons issuing such Alternate Liquidity Facility, their successors and assigns. If any Alternate Liquidity Facility is issued by more than one bank, financial institution or other Person, notices required to be given to the Liquidity Provider may be given to the bank, financial institution or other Person under such Alternate Liquidity Facility appointed to act as agent for all such banks, financial institutions or other Persons.

**“London Banking Day”** means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London, United Kingdom.

**“Mandatory Tender Bonds”** has the meaning specified in Section 15.09(c).

**“Mandatory Tender Date”** means (1) the fifth Business Day prior to the date on which a Credit Support Instrument or Liquidity Facility is scheduled to expire or terminate in accordance with its respective terms and the Trustee has not received notice at least forty (40) days prior to such date that an Alternate Credit Support Instrument or Alternate Liquidity Facility will be provided, (2) on any Conversion Date for which a notice can be given, (3) the fifth Business Day following receipt by the Trustee of notice from the Credit Provider or Liquidity Provider of the occurrence of an event of default under the related Credit Support Agreement or Liquidity Facility, or that the Credit Provider or Liquidity Provider will not reinstate the interest portion of the Credit Support Instrument or Liquidity Facility as provided in Section 15.05(a)(8) hereof, and in each case directing the mandatory tender of the 2020 Bonds, (4) the Fixed Rate Conversion Date, or (5) the effective date of any Alternate Credit Support Instrument or Alternate Liquidity Facility.

**“Maximum Rate”** means with respect to the 2020 Bonds other than Bank Bonds, 12% per annum calculated on the basis of a 365-day year or 366-day year, as applicable, for actual days elapsed, during the Weekly Rate Period or Daily Rate Period and 12% per annum calculated on the basis of a 360-day year of twelve 30-day months on and after the Fixed Rate Conversion Date, and with respect to Bank Bonds, the maximum rate of interest provided in the applicable Credit Support Agreement or Liquidity Facility, but in no event shall such maximum rate of interest exceed \_\_\_% per annum.

**“Optional Purchase Date”** means each date on which the 2020 Bonds would be subject to optional redemption and therefore are subject to purchase at the option of the Authority pursuant to Article XVI.

**“Optional Purchase Price”** means, with respect to the purchase of 2020 Bonds to be purchased pursuant to Article XVI on any Optional Purchase Date, the principal amount of the 2020 Bonds to be purchased on such Optional Purchase Date, plus accrued interest to such Optional Purchase Date, plus an amount equal to the premium, if any, that would be payable upon the redemption, at the option of the Authority exercised on such Optional Purchase Date, of the 2020 Bonds to be purchased.

**“Par Call Date”** has the meaning assigned in Section 15.01(a)(5).



“**Participant**” means, with respect to a Securities Depository, each participant listed in such Securities Depository’s book-entry system as having an interest in the 2020 Bonds.

“**Purchase Date**” means any date on which any 2020 Bond is purchased pursuant to Section 15.04 or Section 15.05.

“**Purchase Price**” means, with respect to any 2020 Bond tendered or deemed tendered pursuant to Section 15.04 or Section 15.05, an amount equal to 100% of the principal amount of any 2020 Bond tendered or deemed tendered to the Trustee for purchase pursuant to Section 15.04 or 15.05, provided that if any 2020 Bond so tendered or deemed tendered bears interest at an Index Rate, is subject to payment of a Spread Premium and is purchased prior to its Par Call Date, then the Purchase Price shall be equal to 100% of the Spread Premium that would have been applicable to such 2020 Bond had it been optionally redeemed on the Purchase Date. In addition, if the Purchase Date is not an Interest Payment Date, the Purchase Price for each 2020 Bond tendered or deemed tendered shall be increased to include accrued interest thereon to but not including the Purchase Date; provided, however, if such Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price shall not include accrued interest, which shall be paid to the Holder as of the applicable Record Date.

“**Rate**” means, with respect to any 2020 Bond, the interest rate applicable to such 2020 Bond as provided in this First Supplemental Indenture.

“**Rate Index**” means the Daily Rate Index, the Weekly Rate Index, or both, as the context may require.

“**Rate Period**” means any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period, Term Rate Period, Index Rate Period or Fixed Rate Period.

“**Rating Confirmation**” means, with respect to any action proposed to be taken, a written confirmation from each Rating Agency then rating the 2020 Bonds that such action would not result in (i) a reduction of its rating on the 2020 Bonds below the then current rating or (ii) withdrawal or suspension of its rating on the 2020 Bonds.

“**Record Date**” means (a) for any Interest Payment Date in respect of any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period, the Business Day next preceding such Interest Payment Date; and (b) for any Interest Payment Date in respect of any Term Rate Period or Fixed Rate Period, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

“**Redemption Date**” means the date fixed for redemption of 2020 Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

“**Redemption Price**” means, with respect to any 2020 Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this First Supplemental Indenture (provided that if such 2020 Bond is a 2020 Bond bearing interest at an Index Rate, the Redemption Price for such Bond shall be determined pursuant to Section 15.01(a)(5)).

**“Remarketing Account”** means, as applicable, the 2020 Series A Remarketing Account or the 2020 Series B Remarketing Account within the 2020 Bonds Purchase Fund established pursuant to Section 17.01(c).

**“Remarketing Agent”** means the one or more banks, trust companies or members of the Financial Industry Regulatory Authority, Inc. meeting the qualifications set forth in Section 15.15 and appointed by an Authorized Representative to serve as a Remarketing Agent for any 2020 Bonds. The initial Remarketing Agent for the 2020 Series A Bonds shall be BofA Securities, Inc. and the initial Remarketing Agent for the 2020 Series B Bonds shall be J.P. Morgan Securities LLC.

**“Remarketing Agreement”** means any agreement or agreements entered into by and between the Authority and a Remarketing Agent for either Series of the 2020 Bonds.

**“Semi-Annual Interest Payment Date”** means June 1 and December 1.

**“Series of Index Bonds”** means a Series of 2020 Bonds in the Index Rate Period.

**“SIFMA Swap Index”** means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

**“SOFR”** means the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York.

**“Spread Premium”** has the meaning specified in Section 15.01(a)(5).

**“Tax-Exempt”** means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a “substantial user” of facilities financed with such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

**“Tax-Exempt Securities”** means bonds, notes or other securities the interest on which is Tax-Exempt.

**“Tender Agent”** means The Bank of New York Mellon Trust Company, N.A, and its successors and assigns and any other corporation or association that may be substituted in its place. The Tender Agent shall be the same as the Trustee named hereunder and shall be subject, among other things, to the same removal and resignation requirements as the Trustee.

**“Tender Date”** means a Mandatory Tender Date or an Optional Tender Date.

“**Term Rate**” means the rate of interest on 2020 Bonds established in accordance with Section 14.05(a)(iv).

“**Term Rate Computation Date**” means any Business Day during the period from and including the date of receipt of a Conversion Notice relating to a Conversion to a Term Rate for any 2020 Bonds to and including the Business Day next preceding the proposed Term Rate Conversion Date.

“**Term Rate Conversion Date**” means: (i) the Conversion Date on which the interest rate on any 2020 Bonds shall be converted to a Term Rate; and (ii) the date on which a new Term Rate Period and Term Rate are to be established.

“**Term Rate Continuation Notice**” shall have the meaning given such term in Section 14.05(a)(iv)(B).

“**Term Rate Period**” means any period during which any 2020 Bonds bear interest at the Term Rate.

“**Termination**” (and other forms of “terminate”) means, when used with respect to any Credit Support Instrument or Liquidity Facility, the replacement, removal, surrender or other termination of such Credit Support Instrument or Liquidity Facility other than an Expiration or an extension or renewal thereof; provided, however, that Termination does not include immediate suspension or automatic termination events.

“**Three-Month LIBOR Rate**” means the rate for deposits in U.S. dollars with a three-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the Index Rate Determination Date, except that, if such rate does not appear on such page on the Index Rate Determination Date, the Three Month LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a three-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 a.m., London time, on the Index Rate Determination Date, to prime banks in the London interbank market by three major banks in the London interbank market (herein referred to as the “Reference Banks”) selected by the Index Agent. The Index Agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the Three Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the Three Month LIBOR Rate will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Index Agent, at approximately 11:00 a.m., New York City time, on the Index Rate Determination Date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a three-month maturity. If none of the banks in New York City selected by the Index Agent is then quoting rates for such loans, then the Three Month LIBOR Rate for the ensuing interest period will mean a comparable or successor rate selected by the Authority in its sole discretion and notified the Trustee.

“**Treasury Rate**” means the interest rate applicable to 13-week United States Treasury bills determined by the Remarketing Agent on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

“**2020 Bonds**” means, collectively, the 2020 Series A Bonds and the 2020 Series B Bonds.

“**2020 Bonds Purchase Fund**” means the 2020 Bonds Purchase Fund established pursuant to Section 17.01(c).

“**2020 Bonds Reserve Fund**” means the fund by that name established pursuant to Section 17.01(b).

“**2020 Bonds Reserve Requirement**” means an amount equal to \$0.00.

“**2020 Bonds Tax Certificate**” means the Tax Certificate executed on behalf of the Authority in connection with the issuance of the 2020 Bonds.

“**2020 Project Fund**” means the 2020 Project Fund established pursuant to Section 17.01(a).

“**2020 Series A Bonds**” shall mean the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A, authorized by Article XIV of this Indenture.

“**2020 Series B Bonds**” shall mean the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B, authorized by Article XIV of this Indenture.

“**USD-ISDA Swap Rate**” shall have the meaning set forth in Section 15.01(a)(5).

“**Variable Rate**” means any of the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate or the Index Rate, as applicable.

“**Variable Rate Demand Bonds**” means the 2020 Bonds bearing interest at a Daily Rate or a Weekly Rate.

“**Weekly Put Bonds**” shall have the meaning set forth in Section 15.09(b).

“**Weekly Rate**” means the variable interest rate on any 2020 Bond established in accordance with Section 14.05(a)(ii).

“**Weekly Rate Index**” means, on any Business Day, the SIFMA Swap Index or, if the SIFMA Swap Index is no longer published, an index or rate agreed upon by the Authority and the Remarketing Agent; provided, however, that if the Remarketing Agent Advises the Trustee and the Authority that the use of such index would not result or no longer results in a market rate of interest on the 2020 Bonds, “Weekly Rate Index” shall mean, subject to a Favorable Opinion of Bond Counsel, an index agreed to by the Authority and the Remarketing Agent that would result

in a market rate of interest on the 2020 Bonds, which Weekly Rate Index shall in no event exceed the Maximum Rate.

“**Weekly Rate Period**” means each period during which any 2020 Bonds bear interest at Weekly Rates.

**Section 12.02 Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article XII.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this First Supplemental Indenture, refer to the Indenture.

### **ARTICLE XIII FINDINGS, DETERMINATIONS AND DIRECTIONS**

**Section 13.01 Findings and Determinations.** The Authority hereby finds and determines that the 2020 Bonds shall be issued pursuant to Section 3.01 and upon the issuance of the 2020 Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

**Section 13.02 Recital in Bonds.** There shall be included in each of the definitive 2020 Bonds, and also in each of the temporary 2020 Bonds, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2020 Bond, and in the issuing of that 2020 Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Act, and that said 2020 Bond, together with all other indebtedness of the Authority payable out of Revenues, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Act, and that such certification and recital shall be in such form as is set forth in the form of the 2020 Bond attached hereto as Exhibit A.

**Section 13.03 Effect of Findings and Recital.** From and after the issuance of the 2020 Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2020 Bonds is at issue.

### **ARTICLE XIV AUTHORIZATION OF 2020 BONDS**

**Section 14.01 Principal Amount, Designation and Series.** Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Subordinate Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_. Such Subordinate Bonds shall be designated as, and shall be distinguished

from the Bonds of all other Series by the title, “San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A.”

Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Subordinate Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_. Such Subordinate Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B.”

At any time after the execution and delivery of this Supplemental Indenture, the Authority may execute and, upon the order of the Authority, the Trustee shall authenticate and deliver each Series of 2020 Bonds in the aggregate principal amount set forth above.

**Section 14.02 Purpose and Application of Proceeds.** The 2020 Bonds are issued for the purpose of financing, and/or reimbursing the Authority for its prior payment of, the Costs of the Project. In addition, a portion of the proceeds will be applied to pay Costs of Issuance of the 2020 Bonds and to fund the 2020 Bonds Reserve Requirement for the 2020 Bonds. The net proceeds from the sale of the 2020 Bonds in the amount of \$\_\_\_\_\_ shall be received by the Trustee, and the Trustee shall deposit or transfer such funds as follows:

(a) \$\_\_\_\_\_ of such proceeds shall be deposited in the 2020 Project Fund;

(b) \$\_\_\_\_\_ of such proceeds shall be deposited in the Interest Fund and used to pay interest on the Series 2020 Bonds until expended; and

(c) \$\_\_\_\_\_ of such proceeds shall be deposited in the 2020 Bonds Reserve Fund in satisfaction of the 2020 Bonds Reserve Requirement. The Trustee may establish temporary funds or accounts in its records to facilitate and record the above transfer of proceeds.

**Section 14.03 Form, Denomination, Numbers and Letters.** Each Series of the 2020 Bonds shall be issued as fully registered bonds without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. Each Series of 2020 Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the 2020 Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of each Series of 2020 Bonds set forth herein.

**Section 14.04 Date, Maturities and Interest Rates.** The 2020 Series A Bonds shall be dated their Issue Date. The 2020 Series A Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ and shall mature and be payable on June 1, 2049. The 2020 Series A Bonds shall be issued as Variable Rate Bonds and each 2020 Series A Bond shall bear interest at the rate

or rates determined in accordance with Section 14.05. Each 2020 Series A Bond shall initially bear interest at a Weekly Rate, and the initial Interest Payment Date is December 1, 2020.

The 2020 Series B Bonds shall be dated their Issue Date. The 2020 Series B Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ and shall mature and be payable on June 1, 2049. The 2020 Series B Bonds shall be issued as Variable Rate Bonds and each 2020 Series B Bond shall bear interest at the rate or rates determined in accordance with Section 14.05. Each 2020 Series B Bond shall initially bear interest at a Daily Rate, and the initial Interest Payment Date is December 1, 2020.

Interest on each 2020 Bond shall be payable on each Interest Payment Date for such 2020 Bond until the principal sum of such 2020 Bond has been paid; provided, however, that if at the maturity date of any 2020 Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with terms of the Indenture, such 2020 Bond shall then cease to bear interest.

Each 2020 Bond shall bear interest payable from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for; or (iii) if the date of authentication of such Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication.

Each 2020 Bond shall be payable as provided in Section 2.10, including Section 2.10(E), or, in the event the use of the Securities Depository is discontinued, the principal of each 2020 Bond shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Trustee, and the interest on each 2020 Bond shall be payable in lawful money of the United States of America by the Trustee to the Holder thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee.

**Section 14.05 Interest Rates on 2020 Bonds.** Except for Bank Bonds, which shall bear interest at the rate or rates (but not in excess of the Maximum Rate), and be payable at the times, specified in the applicable Credit Support Agreement or Liquidity Facility, the 2020 Bonds shall be Current Interest Bonds and, until converted to a Fixed Rate, the 2020 Bonds shall constitute Variable Rate Indebtedness and shall bear interest at a Variable Rate determined as provided in this First Supplemental Indenture.

The 2020 Bonds shall bear interest as provided herein from and including the Issue Date to but excluding the date of payment in full of such 2020 Bonds (such interest to be computed on the basis of a 365/366-day year and actual days elapsed during any Daily Rate Period, Weekly Rate Period, Index Rate Period or Commercial Paper Rate Period; and computed on the basis of a 360-day year of twelve (12) 30-day months during any Term Rate Period. Interest shall accrue on

the 2020 Bonds from one Interest Payment Date to, but not including, the next Interest Payment Date.

Upon Conversion of a Series of 2020 Bonds to a Fixed Rate, the 2020 Bonds of such Series shall bear interest from and including the Conversion Date to the date of payment in full of such 2020 Bonds (computed on the basis of a 360-day year of twelve (12) 30-day months).

The interest rates on each 2020 Bond shall be determined as provided in Section 14.05(a); provided, that no Rate as so determined shall exceed the Maximum Rate in effect on the date of determination thereof.

At any one time, each 2020 Bond within a Series of 2020 Bonds shall have the same Interest Rate Determination Method and (except 2020 Bonds that are Bank Bonds, 2020 Bonds during a Commercial Paper Rate Period, and 2020 Bonds of different maturities bearing interest at a Fixed Rate) shall bear interest at the same interest rate. Upon issuance, the 2020 Series A Bonds shall bear interest at a Weekly Rate and 2020 Series B Bonds shall bear interest at a Daily Rate.

(a) Interest Rate Determination Method.

(i) Daily Rate. Upon a successful Conversion of any Series of 2020 Bonds to bear interest at the Daily Rate pursuant to Section 14.05(b) and until such 2020 Bonds are successfully converted to another Interest Rate Determination Method pursuant to said Section 14.05(b), such 2020 Bonds shall bear interest at a Daily Rate. During each Daily Rate Period for 2020 Bonds, the Remarketing Agent for such Series shall set a Daily Rate for such 2020 Bonds by 9:30 a.m., New York City time, on each Business Day, which Daily Rate shall be the rate of interest which, if borne by such 2020 Bonds in the Daily Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such 2020 Bonds, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of such 2020 Bonds for which the Daily Rate is to be determined, be the lowest interest rate that would enable such Remarketing Agent to place such 2020 Bonds at a price equal to 100% of the aggregate principal amount of such 2020 Bonds (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

(ii) Weekly Rate. Upon the issuance of the 2020 Series A Bonds and 2020 Series B Bonds, and until such 2020 Bonds are successfully converted to another Interest Rate Determination Method pursuant to Section 14.05(b), such 2020 Bonds shall bear interest at a Weekly Rate. During each Weekly Rate Period, the Remarketing Agent for such Series shall set a Weekly Rate for such 2020 Bonds, by 5:00 p.m., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week; provided, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate shall be set by such Remarketing Agent on the Business Day immediately preceding such Conversion Date. Each Weekly Rate shall be the rate of interest that, if borne by such 2020 Bonds in



the Weekly Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such 2020 Bonds for which the Weekly Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the 2020 Bonds for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place such 2020 Bonds at a price equal to 100% of the aggregate principal amount of such 2020 Bonds (plus accrued interest, if any) on the first day of such Weekly Rate Period.

(iii) Commercial Paper Rate. Upon a successful Conversion of any 2020 Bonds to bear interest at the Commercial Paper Rate pursuant to Section 14.05(b), and until such 2020 Bonds are successfully converted to another Interest Rate Determination Method pursuant to said Section 14.05(b), such 2020 Bonds shall bear interest at the Commercial Paper Rate or Rates applicable to such 2020 Bonds. The Remarketing Agent for such Series shall select the Commercial Paper Rate Period or Periods for each of such 2020 Bonds on a Business Day selected by the Remarketing Agent not more than five (5) Business Days prior to the first day of such Commercial Paper Rate Period and not later than 12:30 p.m., New York City time, on the first day of such Commercial Paper Rate Period. Each Commercial Paper Rate Period shall be a period of not less than one (1) nor more than 270 days determined by the Remarketing Agent with the intention of yielding the lowest overall interest expense on the applicable 2020 Bonds, taking into account (A) all other Commercial Paper Rate Periods for all the 2020 Bonds of the same Series bearing interest at a Commercial Paper Rate, (B) general economic and market conditions relevant to such 2020 Bonds and (C) such other facts, circumstances and conditions as such Remarketing Agent determines to be relevant. Notwithstanding the foregoing, no Commercial Paper Rate Period for any 2020 Bond shall be selected with a last day later than the fifth (5th) Business Day prior to the expiration date of any Credit Support Instrument then in effect with respect to such 2020 Bond while bearing interest at the Commercial Paper Rate. The last day of each Commercial Paper Rate Period shall be a day immediately preceding a Business Day. If the Interest Rate Determination Method with respect to any 2020 Bonds is being converted from a Commercial Paper Rate to a new Interest Rate Determination Method, after receipt of the Conversion Notice delivered pursuant to Section 14.05(b), the Remarketing Agent shall determine the Commercial Paper Rate Periods with respect to such 2020 Bonds in such manner that, as soon as possible, all Commercial Paper Rate Periods with respect to such Series of 2020 Bonds shall end on the same date, which date shall be the last day of the then-current Commercial Paper Rate Periods and, upon the establishment of such Commercial Paper Rate Periods, the day next succeeding the last day of all such Commercial Paper Rate Periods shall be the Conversion Date for the new Interest Rate Determination Method. The Remarketing Agent, promptly upon the determination of the last day of such Commercial Paper Rate Periods prior to Conversion to a new Interest Rate Determination Method, shall give written notice of such last day and such Conversion Date to the Notice Parties.

The Remarketing Agent shall set a Commercial Paper Rate for each 2020 Bond bearing interest at the Commercial Paper Rate not later than 12:30 p.m., New York City time, on the first day of each Commercial Paper Rate Period for such Series of 2020 Bonds. The Commercial Paper

Rate applicable to each 2020 Bond bearing interest at the Commercial Paper Rate will be the rate determined by the Remarketing Agent to be the lowest interest rate that would enable such Remarketing Agent to place such 2020 Bond on the first day of the applicable Commercial Paper Rate Period at a price equal to 100% of the aggregate principal amount of such Bond.

(iv) (A) Term Rate. Upon a successful Conversion of any 2020 Bonds to bear interest at the Term Rate from another Interest Rate Determination Method pursuant to Section 14.05(b) or the establishment of a new Term Rate Period and a new Term Rate for any 2020 Bonds then bearing interest at a Term Rate, and until such 2020 Bonds are successfully converted to another Interest Rate Determination Method pursuant to Section 14.05(b) or Section 14.05(a)(iv)(F), such 2020 Bonds shall bear interest at a Term Rate. The Authority shall select the duration of each Term Rate Period for any Series of 2020 Bonds and shall include the duration of the Term Rate Period in the Conversion Notice given with respect to such Term Rate Period pursuant to Section 14.05(b) or the Term Rate Continuation Notice given with respect to any new Term Rate and Term Rate Period for 2020 Bonds then bearing interest at a Term Rate. Each Term Rate Period shall commence on the Term Rate Conversion Date and end on the [March 31] selected by the Authority which is a minimum of 180 days after the Term Rate Conversion Date, or if the day next succeeding such [March 31] is not a Business Day, on the first day after such March 31 which precedes a Business Day, but in no event later than the maturity date of the applicable 2020 Bonds. With respect to each Term Rate Period, the Remarketing Agent will set the Term Rate for the 2020 Bonds by 5:00 p.m., New York City time, on the applicable Term Rate Computation Date. Each Term Rate shall be the rate of interest that, if borne by such 2020 Bonds in such Term Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Series of 2020 Bonds for which the Term Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series of 2020 Bonds for which the Term Rate is to be determined, be the lowest interest rate that would enable such Remarketing Agent to place such 2020 Bonds at a price equal to 100% of the aggregate principal amount of such 2020 Bonds on the first day of such Term Rate Period.

(B) Term Rate Continuation. As of the day following the last day of a Term Rate Period for any 2020 Bonds, unless the Authority has given a Conversion Notice with respect to the Conversion of such 2020 Bonds to another Interest Rate Determination Method pursuant to Section 14.05(b), the Authority may establish a new Term Rate Period and Term Rate for such 2020 Bonds with such right to be exercised by delivery of a written notice of an Authorized Representative (a "Term Rate Continuation Notice") to the Notice Parties no less than twenty (20) days prior to the [March 31st] preceding the effective date of the new Term Rate Period.

The Term Rate Continuation Notice must be accompanied by a Favorable Opinion of Bond Counsel stating that the new Term Rate Period is authorized and permitted under this First Supplemental Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the applicable Series of 2020 Bonds. No Credit Support Instrument or

Liquidity Facility is required with respect to 2020 Bonds in a Term Rate Period, but, if any is provided, the Term Rate Continuation Notice will include notice thereof.

(C) Limitations. Any establishment of a new Term Rate and Term Rate Period for any Series of 2020 Bonds pursuant to Section 14.05(a)(iv)(B) above must comply with the following:

- the first day of such new Term Rate Period must be an Interest Payment Date on which such 2020 Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 15.05;
- the first day of such new Term Rate Period must be a Business Day; and
- no new Term Rate shall become effective unless the Favorable Opinion of Bond Counsel referred to in Section 14.05(a)(iv)(B) is redelivered on (and as of) the first day of the new Term Rate Period and all such Outstanding 2020 Bonds are successfully remarketed in the new Term Rate Period at the new Term Rate on the first day of the new Term Rate Period.

(D) Contents of Term Rate Continuation Notice. The Authority's Term Rate Continuation Notice must specify: (i) the proposed Term Rate Period; (ii) whether the Credit Support Instrument or Liquidity Facility then in effect will remain in effect; and (iii) if a Credit Support Instrument or Liquidity Facility will be in effect after the proposed Term Rate Conversion Date, the identity of such Credit Provider or Liquidity Provider, the form of such Credit Support Instrument or Liquidity Facility and the anticipated term thereof. A Term Rate Continuation Notice shall include a form of notice to the Holders complying with Section 14.05(a)(IV)(D).

(E) Notice to Holders. Upon receipt of a Term Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than fifteen (15) days prior to the first day of the proposed Term Rate Period, the Trustee shall give notice by first-class mail to the Holders of the affected 2020 Bonds which notice shall state in substance:

- that a new Term Rate Period and Term Rate is to be established for such 2020 Bonds on the applicable Term Rate Conversion Date if the conditions specified in this First Supplemental Indenture are satisfied on or before such date;
- that all affected 2020 Bonds are subject to mandatory tender for purchase on the first day of the new Term Rate Period (whether or not the proposed new Term Rate Period becomes effective on such date) at the Purchase Price, which shall be specified therein;
- the first day of the new Term Rate Period;
- that the Authority has delivered to the Trustee a Favorable Opinion of Bond Counsel to the effect that the new Term Rate Period is authorized and permitted under this First Supplemental Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the applicable Series of 2020 Bonds;

– that a new Term Rate Period and Term Rate for such 2020 Bonds shall not be established unless the Favorable Opinion of Bond Counsel referred to above is redelivered to the Trustee on (and as of) the first day of the new Term Rate Period and all such 2020 Bonds are successfully remarketed in the new Term Rate Period and at the new Term Rate on the first day thereof;

– the CUSIP numbers or other identification information of such 2020 Bonds;

and

– that, to the extent that there shall be on deposit with the Trustee on the first day of the new Term Rate Period an amount of money sufficient to pay the Purchase Price thereof, all such 2020 Bonds not delivered to the Trustee on or prior to such date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the Holder thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the Purchase Price on deposit with the Trustee, without interest accruing thereon after such date.

(F) End of Term Rate. In the event the Authority has not given a Term Rate Continuation Notice or a Conversion Notice with respect to 2020 Bonds bearing interest at a Term Rate at the time required by Section 14.05(a)(iv)(B) or Section 14.05(b), as applicable, or if the conditions to the effectiveness of a new Term Rate Period and new Term Rate set forth in Section 14.05(a)(iv)(C) are not satisfied, including as a result of the Remarketing Agent failing to establish a Term Rate as herein provided, then on the day following the last day of the current Term Rate Period, a Weekly Rate Period shall automatically commence for such 2020 Bonds; provided, however, that such 2020 Bonds shall not be subject to optional tender and shall bear interest as provided in Section 15.11(d) until such time as such Series of Bonds shall be converted to another Interest Rate Determination Method in accordance with the provisions hereof.

(G) Sale at Premium or Discount. Notwithstanding the provisions of Section 14.05(a)(iv)(A), the Term Rate may be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the 2020 Bonds, would enable the Remarketing Agent to sell such 2020 Bonds at a price (without regard to accrued interest) which will result in the lowest net interest cost for the 2020 Bonds, after taking into account any premium or discount at which such 2020 Bonds are sold by the Remarketing Agent, provided that:

– the Remarketing Agent certifies to the Trustee and the Authority that the sale of the 2020 Bonds at the interest rate and premium or discount specified by the Remarketing Agent is expected to result in the lowest net interest cost for such 2020 Bonds on the Term Rate Conversion Date;

– the Authority consents in writing to the sale of the 2020 Bonds by the Remarketing Agent at such premium or discount;

– in the case of 2020 Bonds to be sold at a discount, either (a) a Credit Support Instrument or Liquidity Facility is in effect with respect to such 2020 Bonds and provides for the

purchase of such 2020 Bonds at such discount, or (b) the Authority agrees to transfer to the Trustee on the Term Rate Conversion Date an amount equal to such discount in immediately available funds for deposit in the 2020 Authority Account;

– in the case of 2020 Bonds to be sold at a premium, the Remarketing Agent shall transfer to the Trustee an amount equal to such premium to pay the specific costs of Conversion, which amount shall either be used to pay costs associated with the Conversion or deposited in the Revenue Fund as specified by the Authority;

– on or before the date of the determination of the Term Rate, the Authority delivers to the Trustee and the Remarketing Agent a letter of Bond Counsel to the effect that Bond Counsel expects to be able to give a Favorable Opinion of Bond Counsel on the Term Rate Conversion Date; and

– on or before the Term Rate Conversion Date, a Favorable Opinion of Bond Counsel shall have been received by the Trustee and confirmed to the Authority and the Remarketing Agent

(v) Fixed Rate.

(A) The Interest Rate Determination Method for any Series of 2020 Bonds may be converted from any Variable Rate to a Fixed Rate in accordance with the provisions of Section 14.05(b). After such Conversion, such 2020 Bonds shall bear interest at the Fixed Rate and shall not be subject to Conversion to another Interest Rate Determination Method. The interest rate to be borne by such 2020 Bonds of each maturity from the Fixed Rate Conversion Date shall be the rate determined by the applicable Remarketing Agent on the Fixed Rate Computation Date to be the rate that, if borne by such 2020 Bonds, would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for Tax-Exempt Securities that are comparable to such 2020 Bonds, be the lowest interest rate that would enable such Remarketing Agent to place such 2020 Bonds of such maturity for which the Fixed Rate is to be determined at a price equal to 100% of the aggregate principal amount of such 2020 Bonds on the Fixed Rate Conversion Date.

(B) If the Authority obtains a Favorable Opinion of Bond Counsel with respect to such actions: (i) in determining, the Fixed Rate for any 2020 Bond, the applicable Remarketing Agent, subject to the approval of an Authorized Representative, may also determine on or before the Business Day next preceding the determination of the Fixed Rate for such 2020 Bonds, redemption dates and redemption premiums, if any, to be paid upon the optional redemption of such 2020 Bonds which differ from such redemption dates and premiums as are set forth in Section 15.01(a)(4), such redemption dates and redemption premiums, if any, to be, in the best judgment of the Remarketing Agent, consistent with then-current market conditions; and (ii) the Remarketing Agent, subject to the approval of an Authorized Representative, may also determine, on or before the Business Day next preceding the determination of the Fixed Rate for such 2020 Bonds, with respect to any 2020 Bond constituting a Term Bond, a new maturity date for any portion of such 2020 Bond; provided, however, that such new maturity date shall be an June 1 prior to the original maturity date; and provided further that such 2020 Bond shall continue to be

subject to mandatory redemption from Mandatory Sinking Account Payments established for such 2020 Bond unless, on any Mandatory Sinking Account Payment due date for such 2020 Bond, such Mandatory Sinking Account Payment is applied to the payment of that portion of such 2020 Bond which now matures on such Mandatory Sinking Account Payment due date.

(C) Sale at Premium or Discount. Notwithstanding the provisions of Section 14.05(a)(v)(A), the Fixed Rate may be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the 2020 Bonds, would enable the Remarketing Agent to sell such 2020 Bonds at a price (without regard to accrued interest) which will result in the lowest net interest cost for the 2020 Bonds, after taking into account any premium or discount at which such 2020 Bonds are sold by the Remarketing Agent, provided that:

- the Remarketing Agent certifies to the Trustee and the Authority that the sale of the 2020 Bonds at the interest rate and premium or discount specified by the Remarketing Agent is expected to result in the lowest net interest cost for such 2020 Bonds on the Fixed Rate Conversion Date;

- the Authority consents in writing to the sale of the 2020 Bonds by the Remarketing Agent at such premium or discount;

- in the case of 2020 Bonds to be sold at a discount, either (a) a Credit Support Instrument or Liquidity Facility is in effect with respect to such 2020 Bonds and provides for the purchase of such 2020 Bonds at such discount, or (b) the Authority agrees to transfer to the Trustee on the Fixed Rate Conversion Date an amount equal to such discount in immediately available funds for deposit in the 2020 Authority Account;

- in the case of 2020 Bonds to be sold at a premium, the Remarketing Agent shall transfer to the Trustee an amount equal to such premium to pay the specific costs of Conversion, which amount shall either be used to pay costs associated with the Conversion or deposited in the Revenue Fund as specified by the Authority; and

- on or before the date of the determination of the Fixed Rate, the Authority delivers to the Trustee and the Remarketing Agent a letter of Bond Counsel to the effect that Bond Counsel expects to be able to give a Favorable Opinion of Bond Counsel on the Fixed Rate Conversion Date; and

- on or before the Fixed Rate Conversion Date, a Favorable Opinion of Bond Counsel shall have been received by the Trustee and confirmed to the Authority and the Remarketing Agent

(vi) (A) Index Rate. Upon a successful Conversion of any Series of 2020 Bonds to an Index Rate Period pursuant to Section 14.05(b), or upon the continuation of a Series of 2020 Bonds in an Index Rate Period, and until such 2020 Bonds are successfully converted to another Interest Rate Determination Method pursuant to Section 14.05(b), such 2020 Bonds shall bear interest at the Index Rate applicable to such 2020 Bonds, as

determined by the Index Agent. The initial Index Rate for each Index Rate Period with respect to a Series of 2020 Bonds shall apply to the period commencing on the first day of such Index Rate Period and ending on the day immediately prior to the first Interest Payment Date and thereafter, each Index Rate shall apply to the period commencing on and including an Interest Payment Date (whether or not a Business Day) to but not including the following Interest Payment Date.

(B) Determination of Applicable Spread. The Index Rate for a Series of 2020 Bonds shall be based on the Index Rate Index, which shall be designated by the Authority not less than five (5) Business Days prior to the applicable Conversion Date or applicable Purchase Date. The Remarketing Agent shall determine the Applicable Spread to be used in calculating the Index Rate on or before the Index Rate Determination Date preceding the Conversion Date or Purchase Date. The “Applicable Spread” shall be the amount that, when added to or subtracted from the Index Rate Index, will result in the minimum Index Rate that, in the judgment of the Remarketing Agent under then-existing market conditions, will result in the remarketing of such 2020 Bonds on their Conversion Date or Purchase Date at a price equal to 100% of the principal amount thereof. The Remarketing Agent shall provide notice by Electronic Means to the Index Agent and the Authority of the Applicable Spread. The Remarketing Agent shall offer for sale and use its best efforts to sell such 2020 Bonds on the applicable Conversion Date at a price equal to 100% of the principal amount thereof, as provided herein and in the applicable Remarketing Agreement.

(C) Calculation of Index Rate. The Index Rate for each Series of Index Bonds shall be calculated on each Index Rate Determination Date by the Index Agent and shall be equal to: (A) the Index Rate Index on the Index Rate Determination Date, as determined by the Index Agent, plus (B) the Applicable Spread that was determined pursuant to the preceding paragraph, and such Index Rate shall be rounded to the nearest one hundred thousandth of one percent (0.00001%). The initial Index Rate shall apply to the period commencing on the Conversion Date or the Purchase Date and ending on the day immediately prior to the first Interest Payment Date, and thereafter, each Index Rate, as determined above, shall apply to the period commencing on and including an Interest Payment Date (whether or not a Business Day) to but not including the following Interest Payment Date (each an “Index Rate Interest Accrual Period”). The Index Agent shall calculate the Index Rate for each Series of Index Bonds as provided above and shall furnish such Index Rate to the Trustee and the Authority by Electronic Means no later than the Business Day next succeeding each Index Rate Determination Date.

The Trustee shall, no later than the third Business Day preceding each Interest Payment Date, notify the Authority in writing of the total amount of interest payable with respect to each Series of Index Bonds on such Interest Payment Date.

The determinations of the initial Index Rate and all subsequent Index Rates shall be conclusive and binding upon the Authority, the Trustee, each Credit Provider, the Remarketing Agent, the Index Agent and the Holders.

(D) Index Rate Continuation. On any date a Series of 2020 Bonds in an Index Period is subject to optional redemption, or as of the day following the Purchase Date of

any Series of 2020 Bonds in an Index Rate Period, unless the Authority has given a Conversion Notice with respect to the Conversion of such Series of 2020 Bonds to another Interest Rate Determination Method pursuant to Section 14.05(b), the Authority may establish a new Index Rate Period for such Series of 2020 Bonds, with such right to be exercised by delivery of a written notice of an Authorized Representative (an “Index Rate Continuation Notice”) to the Trustee, the Index Agent, and the Remarketing Agent for such Series of 2020 Bonds no less than twenty (20) days prior to the effective date of the new Index Rate Period. The Index Rate Continuation Notice must contain the information required by Section 14.05(b)(i)(C)(2) and, as and to the extent applicable, 14.05(b)(iii) and must be accompanied by a Favorable Opinion of Bond Counsel stating that the new Index Rate Period is authorized and permitted under this First Supplemental Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the applicable Series of 2020 Bonds.

The first day of such new Index Rate Period shall be a Purchase Date on which such 2020 Bonds are subject to optional redemption or to mandatory tender pursuant to the applicable provisions of Section 15.05. Each such 2020 Bond shall be subject to mandatory tender on the first day of such new Index Rate Period pursuant to the applicable provisions of Section 15.05 for purchase at its Purchase Price. No new Index Rate Period shall become effective unless the Favorable Opinion of Bond Counsel referred to above is redelivered on (and as of) the first day of the new Index Rate Period and unless all such Outstanding 2020 Bonds are successfully remarketed in the new Index Rate Period at the new Index Rate on the first day of the new Index Rate Period.

(E) Notice to Holders. Upon receipt of an Index Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than fifteen (15) days prior to the first day of the proposed Index Rate Period, the Trustee shall give notice by first-class mail to the Holders of the affected 2020 Bonds, the Index Agent and the Remarketing Agent which notice shall (1) state in substance that a new Index Rate Period is to be established for such 2020 Bonds on the applicable Index Rate Conversion Date if the conditions specified in this First Supplemental Indenture are satisfied on or before such date, (2) state that a new Index Rate Period shall not be established unless the Favorable Opinion of Bond Counsel referred to above is redelivered to the Trustee on (and as of) the first day of the new Index Rate Period and all such 2020 Bonds are successfully remarketed in the new Index Rate Period and at the new Index Rate on the first day thereof, and (3) contain the additional information required by Section 14.05(b)(i)(C)(2) and, as and to the extent applicable, 14.05(b)(iii).

(F) End of Index Rate. In the event the Authority has not given an Index Rate Continuation Notice or a Conversion Notice with respect to 2020 Bonds bearing interest at an Index Rate at the time required by Section 14.05(a)(vi)(D) or Section 14.05(b), as applicable, or if the conditions to the effectiveness of a new Index Rate Period and new Index Rate set forth in Section 14.05(a)(vi)(D) are not satisfied, then on the day following the last day of the current Index Rate Period, a new Index Rate Period of seven days shall automatically commence for such 2020 Bonds and such 2020 Bonds shall bear interest as provided in Section 15.11(d) until they are successfully remarketed pursuant to the applicable provisions of Section 15.05.



(vii) [reserved].

(viii) Failure to Determine Rate for Certain Rate Periods.

(A) If, for any reason, the Daily Rate or the Weekly Rate on any 2020 Bond is not established as provided herein by the Remarketing Agent pursuant to Section 14.05(a)(i) or (ii) or no Remarketing Agent shall be serving as such hereunder for such 2020 Bonds or any Rate so established is held to be invalid or unenforceable with respect to any such Rate Period, then the interest rate for such Rate Period shall be 100% of the applicable Rate Index on the date such Daily Rate or Weekly Rate was (or would have been) determined as provided above.

(B) If, for any reason, the Remarketing Agent fails to set the length of any Commercial Paper Rate Period or to establish any Commercial Paper Rate for any 2020 Bond or a court holds any Commercial Paper Rate Period or Commercial Paper Rate for any 2020 Bond to be invalid or unenforceable, a Commercial Paper Rate Period for such 2020 Bond lasting through the next day immediately preceding a Business Day (or until the earlier stated maturity thereof) and the interest rate applicable to such 2020 Bond shall be 100% of the Daily Rate Index.

(ix) Notice of Rates. In a timely fashion following the determination of any Rate, the Remarketing Agent establishing such Rate shall give written notice or notice by Electronic Means thereof to the Authority and the Trustee. Such notice shall also include details as to the principal amount of the 2020 Bonds and the Interest Rate Determination Method at the time applicable. Promptly upon receipt of notice from a Remarketing Agent of any Fixed Rate, the Trustee shall give the Holder of each 2020 Bond being converted to a Fixed Rate notice of the Fixed Rate.

(x) Absence of Remarketing Agent; Binding Determination. If no Remarketing Agent shall be serving hereunder with respect to any Series of 2020 Bonds (other than 2020 Bonds in a Fixed Rate Period), the determination of the applicable Rate Index shall be made by the Trustee at the written direction of the Authority. The determination of any Rate or Rate Index by a Remarketing Agent or, as aforesaid, the Trustee, at the written direction of the Authority, with respect to any 2020 Bond, shall be conclusive and binding upon the Authority, the Trustee, the Remarketing Agent, each Credit Provider and the Holder of such 2020 Bond.

(xi) No Liability. In determining the interest rate that any 2020 Bond shall bear as provided in this Section 14.05, neither the Remarketing Agent nor the Trustee shall have any liability to the Authority or the Holder of such 2020 Bond, except for its negligence or willful misconduct.

(b) Conversion of Interest Rate Determination Method.

(i) (A) Right of Conversion. The Interest Rate Determination Method for any Series of Outstanding 2020 Bonds is subject to Conversion from time to time by the Authority, with such right to be exercised by delivery of a written notice of an Authorized

Representative containing the contents specified in Section 14.05(b)(iii) (each such notice being a “Conversion Notice”) to the Notice Parties as follows:

(1) at least four (4) Business Days prior to the fifteenth (15th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period; and

(2) at least five (5) Business Days prior to the fifteenth (15th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Term Rate or a Fixed Rate.

Each Authorized Representative is hereby authorized to execute and deliver a Conversion Notice to change the Interest Rate Determination Method at such times or times as the officer executing the Conversion Notice determines to be in the best interests of the Authority, such determination to be conclusively evidenced by such execution.

The Conversion Notice must be accompanied by (i) a Favorable Opinion of Bond Counsel stating that the Conversion is authorized and permitted under this Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of such 2020 Bonds to be converted, and (ii) a notice of the new Credit Provider or Liquidity Provider, if applicable, and the new Credit Support Instrument or Liquidity Facility, if at the same time as such 2020 Bonds are being converted there will be a change of Credit Provider or Liquidity Provider or the Authority enters into an agreement with a Credit Provider to provide credit support or a Liquidity Provider to provide liquidity to pay the purchase price with respect to such 2020 Bonds.

(B) [Reserved].

(C) Conversion to Index Rate Period. The following provisions shall apply to the Conversion of a Series of 2020 Bonds to an Index Rate Period:

(1) If the Authority obtains a Favorable Opinion of Bond Counsel with respect to such actions: (i) in determining the initial Index Rate and Applicable Spread for any 2020 Bond, the applicable Remarketing Agent, subject to the approval of an Authorized Representative, may also determine, on or before the Business Day next preceding the determination of the initial Index Rate for such 2020 Bonds, the redemption dates and redemption premiums, if any, to be paid upon the optional redemption of such 2020 Bonds which differ from such redemption dates and premiums as are set forth in Section 15.01(a)(5), such redemption dates and redemption premiums, if any, to be, in the best judgment of the Remarketing Agent, consistent with then-current marketing conditions; (ii) the Authority, in consultation with the applicable Remarketing Agent, may determine that the Index Rate Index shall be an index other than 67% of the Three-Month LIBOR Rate, may determine that the Index Rate Interest Accrual Period will differ from the period described in Section 14.05(a)(vi)(C), , may determine that the Index Rate Determination Date shall be a date other than two London Banking Days preceding each Interest Payment Date, and may designate a Purchase Date prior to

maturity for such Series of 2020 Bonds; and (iii) the Authority may elect to provide a Credit Support Instrument with respect to such Series of 2020 Bonds.

(2) The Trustee shall give notice which shall be provided by the Authority by first-class mail of a proposed conversion of a Series of 2020 Bonds to the Index Rate Period to the Holders of such 2020 Bonds, as provided in Section 14.05(b)(iv). Such notice shall state for such 2020 Bonds: (A) that the interest rate thereon shall be converted to the Index Rate; (B) the proposed Conversion Date, the proposed next Purchase Date, if any, the proposed Index Rate Index, the frequency with which the Index Rate shall be recalculated, the proposed Interest Payment Dates, the duration of the Index Rate Period, and when the Remarketing Agent will determine the Applicable Spread; (C) the earliest Redemption Date (or alternate redemption provisions established in accordance with Section 15.01(a)(5)); (D) that such 2020 Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for the purchase of such 2020 Bonds; (E) the Purchase Date, if any, of such 2020 Bonds; and (F) all additional information required by Section 14.05(b)(iv).

(D) Conversion from Index Rate Period. Notwithstanding anything herein to the contrary, upon receipt of a Favorable Opinion of Bond Counsel, the Authority may, on any Redemption Date for a Series of Index Bonds, convert said Series of Index Bonds to another Interest Rate Determination Method. Each Conversion Notice delivered pursuant to this Section shall contain the information required by Section 14.05(b)(iii) and the proposed Purchase Date. Each such Index Bond shall be subject to mandatory tender pursuant to the applicable provisions of Section 15.05 at its Purchase Price.

(ii) Limitations. Any Conversion pursuant to this Section 14.05(b) must comply with the following:

(A) the Conversion Date must be a date on which such 2020 Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 15.05;

(B) the Conversion Date must be a Business Day and, if the Conversion is from the Commercial Paper Rate, shall be a date determined in accordance with Section 14.05(a)(iii);

(C) the Credit Support Instrument or Liquidity Facility for such 2020 Bonds after a Conversion to a Variable Rate must cover (except for conversion to a Term Rate Period or an Index Rate Period) principal plus accrued interest (computed at the Maximum Rate then in effect on the basis of a 365-day year and actual days elapsed or a 360 day year of twelve 30-day months, as applicable) for the maximum number of days between Interest Payment Dates permitted under that Interest Rate Determination Method, plus such additional number of days, if any, as shall be required by each Rating Agency then rating such Series of 2020 Bonds; provided that if the number of days of interest coverage provided by the applicable Credit Support Instrument or Liquidity Facility is being changed

from the number of days previously in place, the Trustee shall have also received a Rating Confirmation from each of the Rating Agencies then rating such 2020 Bonds;

(D) no Conversion shall become effective unless the Favorable Opinion of Bond Counsel referred to in Section 14.05(b)(i) is redelivered on (and as of) the Conversion Date and all affected Outstanding 2020 Bonds are successfully purchased or deemed purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date; and

(E) 14.05(b)(ii)(E) upon Conversion of any Series of 2020 Bonds to a Fixed Rate Period, an Index Rate Period, a Term Rate Period, an Authorized Representative may provide in the Conversion Notice to the applicable Credit Provider or Liquidity Provider a request for termination of the Credit Support Instrument or Liquidity Facility with respect to such 2020 Bonds to be effective upon such Conversion to a Fixed Rate Period or an Index Rate Period.

(iii) Contents of Conversion Notice. The Conversion Notice must specify: (A) the proposed Conversion Date; (B) the new Interest Rate Determination Method to take effect; (C) if the Conversion is to a Term Rate, the Term Rate Period; (D) whether any Credit Support Instrument or Liquidity Facility then in effect will remain in effect; (E) if Alternate Credit Support Instrument or an Alternate Liquidity Facility will be in effect after the proposed Conversion Date, the form of such Alternate Credit Support Instrument or Alternate Liquidity Facility and the identity of the new Credit Provider or Liquidity Provider; (F) if the Conversion is to a Term Rate Period or Fixed Rate Period, the redemption dates and redemption prices applicable to such Term Rate Period or Fixed Rate Period; and (G) if the Conversion is to an Index Rate Period, the Index Rate Index, the optional redemption provisions and the Interest Payment Dates to apply to such 2020 Bonds and appointing a Remarketing Agent for such 2020 Bonds.

(iv) Notice to Holders. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than fifteen (15) days prior to the proposed Conversion Date, the Trustee shall give notice by first-class mail to the affected Holders of 2020 Bonds, which notice which shall be provided by the Authority shall state in substance:

(A) that the Interest Rate Determination Method for the applicable 2020 Bonds shall be converted to the specified Variable Rate or the Fixed Rate, as the case may be, on the applicable Conversion Date if the conditions specified in this First Supplemental Indenture are satisfied on or before such date;

(B) the applicable Conversion Date;

(C) that the Authority has delivered to the Trustee a Favorable Opinion of Bond Counsel to the effect that the Conversion is authorized and permitted under this Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of such 2020 Bonds to be converted;

(D) that the Interest Rate Determination Method for such 2020 Bonds shall not be converted unless the Favorable Opinion of Bond Counsel referred to above is redelivered to the Trustee on (and as of) the Conversion Date and all such 2020 Bonds are successfully purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date;

(E) the CUSIP numbers or other identification information of such 2020 Bonds;

(F) that all such 2020 Bonds are subject to mandatory tender for purchase on the Conversion Date at the applicable Purchase Price, which Purchase Price shall be specified in the notice (whether or not the proposed Conversion becomes effective on such date, unless converting from an Index Rate Period and the proposed Conversion does not occur, in which case the mandatory tender will be cancelled); and

(G) that, to the extent that there shall be on deposit with the Trustee on the applicable Conversion Date an amount of money sufficient to pay the Purchase Price thereof, all 2020 Bonds to be converted on the Conversion Date not delivered to the Trustee on or prior to the Conversion Date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the Holder thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the Purchase Price on deposit with the Trustee, without interest accruing thereon after the Conversion Date.

(v) Failure of Conditions to be Met. If the Authority fails to deliver the Favorable Opinion of Bond Counsel required by Section 14.05(b)(ii)(D) to the Trustee on or before the Conversion Date or if the Trustee receives written notice to the effect that the Remarketing Agent has not successfully remarketed all of the Outstanding 2020 Bonds of a Series to be converted to the new Interest Rate Determination Method on the Conversion Date, the Interest Rate Determination Method shall not be converted, but such 2020 Bonds of a Series shall be deemed to have been tendered for purchase on the Conversion Date specified in the Conversion Notice (except if converting from an Index Rate Period or a Term Rate Period for which there is no Credit Support Instrument or Liquidity Facility) and shall be purchased on the Conversion Date specified in the Conversion Notice and, except as otherwise provided in Section 14.05(a)(iv)(F), such 2020 Bonds shall continue to bear interest at the Interest Rate Determination Method in effect prior to the proposed Conversion Date specified in the Conversion Notice; provided, however, that notwithstanding anything to the contrary provided in this Section 14.05, the rate of interest on such 2020 Bonds shall be determined on the proposed Conversion Date and, if sufficient funds are not available for the purchase of such 2020 Bonds, the provisions of Section 15.11(d) shall apply. In such event, the Authority and the Holders of such 2020 Bonds that were to be converted to another Interest Rate Determination Method shall be restored (except as aforesaid with respect to the purchase of 2020 Bonds) to their former positions and rights hereunder with respect to such 2020 Bonds, and all rights of the Authority hereunder shall continue as if no such proceedings for the Conversion of the Interest Rate Determination Method on such 2020 Bonds had taken place.

In the event of a failed Conversion from an Index Rate Period, such Bonds shall not be purchased but shall continue in an Index Rate Period with a Purchase Date on the seventh day after such failed Conversion Date (or the next succeeding Business Day if such seventh day is not a Business Day) and shall bear interest as provided in Section 15.11(d).

The Trustee shall immediately notify by Electronic Means the Notice Parties of each such failed Conversion.

(vi) Notice Failure No Bar. Failure of a Holder of a 2020 Bond to receive the notice described in Section 14.05(b)(iv), or any defect therein, shall not affect the validity of any Rate or any continuation of or change in the Interest Rate Determination Method for any of the 2020 Bonds or extend the period for tendering any of the 2020 Bonds for purchase, and the Trustee shall not be liable to any Holder of a 2020 Bond by reason of the failure of such Holder to receive such notice or any defect therein.

(vii) No Conversion During Continuance of Event of Default. No Conversion shall occur under this Section 14.05(b) if at the time of such Conversion an Event of Default shall have occurred and be continuing. The Trustee and the Remarketing Agent may conclusively rely upon a certificate of an Authorized Representative that no such default exists.

(viii) Notice to Remarketing Agent. The Authority may not elect a change in the Interest Rate Determination Method for any Series of 2020 Bonds without written notice to the Remarketing Agent for the affected 2020 Bonds.

(ix) Rescission of Election. Notwithstanding anything herein to the contrary, the Authority may rescind any Conversion Notice given pursuant to this Section 14.05(b) prior to the proposed Conversion Date set forth in the Conversion Notice by giving written notice thereof to the Notice Parties two or more Business Days prior to such proposed Conversion Date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Holders of the affected 2020 Bonds pursuant to Section 14.05(b)(iv), then the Conversion Notice previously delivered by the Authority shall be of no force and effect. Except with respect to 2020 Bonds in an Index Rate Period, or a Term Rate Period for which there is no Credit Support Instrument or Liquidity Facility, if the Trustee receives notice from the Authority of rescission of the Conversion Notice after the Trustee has given notice to the Holders of the affected 2020 Bonds pursuant to Section 14.05(b)(iv), then such 2020 Bonds shall continue to be subject to mandatory tender for purchase on the Conversion Date specified in the Conversion Notice (unless such Bonds were in an Index Rate Period or in a Term Rate Period for which there was no Credit Support Instrument or Liquidity Facility prior to such proposed Conversion Date) and the Rate Period for such 2020 Bonds shall automatically adjust to, or continue as, a Weekly Rate Period on the Conversion Date specified in the Conversion Notice. Any 2020 Bonds in an Index Rate Period shall continue in the Index Rate Period in effect prior to the proposed Conversion Date. No Opinion of Bond Counsel shall be required in connection with any automatic adjustment to a Weekly Rate Period.

(c) Conversion of Bank Bonds. Notwithstanding anything to the contrary contained in the Indenture, if all of the Outstanding 2020 Bonds of any Series are Bank Bonds, such 2020 Bonds may be converted to a Fixed Rate on such Conversion Date as shall be acceptable to the applicable Credit Provider or Liquidity Provider, the Trustee, the Remarketing Agent and the Authority, provided that on such Conversion Date the Authority shall deliver to the Trustee a Favorable Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any 2020 Bonds of the affected Series.

## **ARTICLE XV REDEMPTION AND PURCHASE OF 2020 BONDS**

### **Section 15.01 Optional Redemption of 2020 Bonds.**

(a) Optional Redemption of 2020 Bonds.

(1) Commercial Paper Rate Period. 2020 Bonds bearing interest at the Commercial Paper Rate are subject to redemption at the option of the Authority in whole or in part on the day following the end of any Commercial Paper Rate Period at a redemption price equal to the principal amount thereof plus accrued interest, if any, without premium.

(2) Daily Rate Period and Weekly Rate Period. 2020 Bonds bearing interest at a Daily Rate or a Weekly Rate are subject to redemption, at the option of the Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium.

(3) Term Rate Period. 2020 Bonds bearing interest at the Term Rate are subject to redemption, at the option of the Authority, in whole or in part, in Authorized Denominations, on the day following the last day of any Term Rate Period and on such other dates as shall be specified in the Conversion Notice to the Term Rate Period, delivered with a Favorable Opinion of Bond Counsel, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium.

(4) Fixed Rate Period. Unless the Authority obtains a Favorable Opinion of Bond Counsel and changes redemption provisions as provided in Section 14.05(a)(v)(B), any Series of 2020 Bonds bearing interest at a Fixed Rate is subject to redemption in whole or in part (and if in part, in such order of maturity and Mandatory Sinking Account Payment dates as the Authority shall specify and within a maturity or Mandatory Sinking Account Payment date by lot or by such other method as the Trustee determines to be fair and reasonable and in Authorized Denominations), at the option of the Authority, on any date, at such times and at such redemption prices as follows:

(a) If, on the Fixed Rate Conversion Date, the remaining term of such 2020 Bonds being converted to a Fixed Rate is greater than eight years, then such 2020 Bonds will not be subject to optional redemption until the first June 1 to follow the eighth (8th) anniversary of the conversion of such 2020 Bonds to a Fixed Rate. On such first July 1, such 2020 Bonds will be subject to redemption at 102% of the

principal amount thereof, plus accrued interest, if any, to the date of redemption, which redemption price will decline by one percent (1%) per annum on each succeeding anniversary of such first June 1 until reaching a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, and thereafter at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

(b) If, on the Fixed Rate Conversion Date, the remaining term of such 2020 Bonds is less than eight years, then such 2020 Bonds will not be subject to optional redemption following Conversion.

(5) Index Rate Period. The 2020 Bonds bearing interest at an Index Rate are subject to redemption prior to their respective stated maturity dates, at the option of the Authority, in whole or in part, in Authorized Denominations and in such amounts as may be specified by the Authority (i) on any Business Day prior to the first Business Day of the June next succeeding the date which is nine years after the Conversion Date of a Series of 2020 Bonds to the Index Rate Period (the “Par Call Date”), at a Redemption Price equal to the Spread Premium for such 2020 Bonds and (ii) on any Business Day on or after the Par Call Date, at a Redemption Price equal to the principal amount of such 2020 Bonds called for redemption, without premium, plus in each case accrued interest to the date fixed for redemption (the “Redemption Date”). For purposes of this provision, the “Spread Premium” shall be calculated as follows:

(A) A hypothetical cash flow schedule shall be prepared by the Index Agent by assuming that principal of the Series of 2020 Bonds called for redemption would be payable on the Par Call Date and that interest on the 2020 Bonds would be payable on each quarterly Interest Payment Date until that date at an interest rate per annum equal to the sum of (a) 67% of the USD-ISDA-Swap Rate plus (b) the spread, if any, above the percentage of the Three-Month LIBOR Rate at which such 2020 Bonds bear interest on the calculation date.

(B) Each principal and interest payment in the hypothetical cash flow schedule determined in accordance with the preceding paragraph shall be discounted as of each quarterly payment date to the Redemption Date by the Index Agent at a discount rate equal to the sum of (1) 67% of the USD-ISDA-Swap Rate plus (2) 0.25% per annum.

(C) The sum of the present values as of the Redemption Date determined by the Index Agent pursuant to the preceding paragraph shall be the Spread Premium.

For purposes of this calculation,

“USD-ISDA-Swap Rate” means the rate for U.S. dollars swaps maturing on the Par Call Date expressed as a percentage, that appears on the Reuters Money 3000 Service on the page designated ISDAFIX1 (or such other page as may replace that page on such service for the purpose of displaying comparable rates) at 11:00 a.m., New York City time,



on the day which is two Business Days prior to such date. If such rate does not appear on such page on such date, then USD-ISDA-Swap Rate for such maturity and date means the percentage determined on the basis of mid-market semiannual swap rate quotations provided by five leading swap dealers in the New York City interbank market (as selected by the Index Agent or its successors and assigns and subject to the approval of the Authority, which approval shall not be unreasonably withheld) at approximately such time on such day as the mean of the bid and offered rates for the semiannual fixed leg, calculated on a 30/360 day count basis of a fixed-for-floating U.S. dollar interest rate swap transaction with an effective date of the relevant early termination date and a termination date equal to such maturity, in an account that is representative for a single transaction in such market at such time, with an acknowledged dealer of good credit in such market, where the floating rate, calculated on the basis of a 360-day year for actual days elapsed, is equal to the Three-Month LIBOR Rate.

Notwithstanding the optional redemption provisions set forth above, on or prior to the effective date of the Index Rate Period for a Series of 2020 Bonds, the Authority may provide alternate redemption provisions for such 2020 Bonds in the Index Rate Period pursuant to Section 14.05(b)(i)(C) if it obtains a Favorable Opinion of Bond Counsel.

(b) Selection of Bonds for Optional Redemption. The Authority shall designate which maturities of any Series of 2020 Bonds are to be called for optional redemption pursuant to Section 15.01(a), provided that Bank Bonds of such Series shall be redeemed prior to any other 2020 Bonds of such Series. If less than all 2020 Bonds of any Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2020 Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of the 2020 Bonds so selected for redemption. For purposes of such selection, 2020 Bonds of each Series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Term Bonds are designated for redemption, the Authority may designate the Mandatory Sinking Account Payments under Section 15.02(a), or portions thereof, that are to be reduced as allocated to such redemption.

(c) Sufficient Funds Required for Optional Redemption. Any optional redemption of 2020 Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of Section 4.02 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2020 Bonds called for redemption.

(d) Notice of Optional Redemption; Rescission. Any notice of optional redemption of the 2020 Bonds shall be delivered in accordance with Section 4.02 and may be rescinded as provided in Section 4.02.

**Section 15.02 Mandatory Redemption of 2020 Bonds From Mandatory Sinking Account Payments.**

(a) Mandatory Redemption of 2020 Bonds. Except as otherwise provided in Section 14.05(a)(v)(B), the 2020 Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments, on each date a Mandatory Sinking Account Payment is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for 2020 Series A Bonds shall be due in such amounts and on such dates as follows:

<b>2020 Series A Bonds</b>			
<i>Redemption Date (June 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (June 1)</i>	<i>Mandatory Sinking Account Payment</i>

Mandatory Sinking Account Payments for 2020 Series B Bonds shall be due in such amounts and on such dates as follows:

<b>2020 Series B Bonds</b>			
<i>Redemption Date (June 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (June 1)</i>	<i>Mandatory Sinking Account Payment</i>

**2020 Series B Bonds**

	Mandatory Sinking Account Payment	Redemption Date (June 1)	Mandatory Sinking Account Payment
<i>Redemption Date (June 1)</i>			

(b) Selection of Bonds for Mandatory Sinking Account Redemption. If less than all 2020 Bonds of any Series maturing by their terms on any one date are to be redeemed at any one time with Mandatory Sinking Account Payments, the Trustee shall select the 2020 Bonds of such maturity date to be redeemed by lot in any manner that it deems appropriate, provided that Bank Bonds of such Series shall be redeemed prior to any other 2020 Bonds of such Series, and the Trustee shall promptly notify the Authority in writing of the numbers of the 2020 Bonds so selected for redemption. For purposes of such selection, 2020 Bonds of each Series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

**Section 15.03 Purchase In Lieu of Redemption.** The Authority reserves the right at all times to purchase any of its 2020 Bonds on the open market. In lieu of mandatory redemption, the Authority may surrender to the Trustee for cancellation 2020 Bonds purchased on the open market, and such 2020 Bonds shall be cancelled by the Trustee. If any 2020 Bonds are so cancelled, the Authority may designate the Mandatory Sinking Account Payments or portions thereof within such Series of the 2020 Bonds so purchased that are to be reduced as a result of such cancellation.

**Section 15.04 Holder’s Option to Tender 2020 Bonds for Purchase.**

(a) During any Daily Rate Period, any 2020 Bond or (subject to subsection (c) of this Section) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Holder or Beneficial Owner of such 2020 Bond to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written notice or notice by Electronic Means by 10:00 a.m. (New York City time) on the Purchase Date, which states the principal amount of such 2020 Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such 2020 Bond to the Trustee on the Purchase Date in accordance with Section 15.06. The Trustee shall keep a written record of the notice described in clause (A) of this subsection (a).

(b) During any Weekly Rate Period, any 2020 Bond or (subject to subsection (c) of this Section) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in accordance with Section 15.11 in immediately available funds, upon (A) delivery by the Holder or Beneficial Owner of such 2020 Bond to the Remarketing Agent and

to the Trustee at its Principal Office of an irrevocable written notice or notice by Electronic Means by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such 2020 Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such 2020 Bond to the Trustee on the Purchase Date in accordance with Section 15.06. The Trustee shall keep a written record of the notice described in clause (A) of this subsection (b).

(c) If any 2020 Bond is to be purchased in part pursuant to subsection (a) or subsection (b) of this Section, the amount so purchased and the amount not so purchased must each be an Authorized Denomination.

(d) Any instrument delivered to the Trustee in accordance with this Section shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon the Securities Depository and any subsequent Holder or Beneficial Owner of the 2020 Bond to which it relates, including any 2020 Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such instrument, the Holder or Beneficial Owner of the 2020 Bonds specified therein shall not have any right to optionally tender for purchase such 2020 Bonds prior to the date of purchase specified in such notice. The Authority, the Remarketing Agent and the Trustee may conclusively assume that any person (other than a Holder) providing notice of optional tender pursuant to subsection (a) or subsection (b) of this Section is the Beneficial Owner of the 2020 Bond to which such notice relates, and none of the Authority, the Remarketing Agent or the Trustee shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of 2020 Bonds.

#### **Section 15.05 Mandatory Tender of 2020 Bonds for Purchase.**

(a) The 2020 Bonds shall be subject to mandatory tender for purchase at the applicable Purchase Price, at the following times and upon the occurrence of any of the events stated below:

(1) with respect to any Series of 2020 Bonds, on the Conversion Date for such 2020 Bonds to a new Interest Rate Determination Method specified in a Conversion Notice (whether or not the proposed Conversion becomes effective on such date, unless converting from an Index Rate Period or a Term Rate Period for which there is no Credit Support Instrument or Liquidity Facility and the proposed Conversion does not occur, in which case the mandatory tender will be cancelled);

(2) with respect to 2020 Bonds bearing interest at a Daily Rate, a Weekly Rate or a Commercial Paper Rate: (A) on the fifth (5th) Business Day preceding (i) the scheduled Expiration of a Credit Support Instrument or Liquidity Facility, (ii) the Termination of a Credit Support Instrument or Liquidity Facility, at the election of the Authority as permitted by the related Credit Support Agreement or such Liquidity Facility; (B) on the date of the provision of an Alternate Credit Support Instrument or Alternate Liquidity Facility for such 2020 Bonds pursuant to Section 15.14 and the resultant Termination of the existing Credit Support Instrument or Liquidity Facility; provided, however, that, notwithstanding any other provision of this Indenture to the contrary, no mandatory tender for purchase shall be required pursuant to this subsection if a Rating Confirmation shall be delivered by each Rating Agency then rating the Series of 2020

Bonds with respect to which an Alternate Credit Support Instrument or Alternate Liquidity Facility is being provided pursuant to Section 15.14 on the date of the provision of the Alternate Credit Support Instrument or Alternate Liquidity Facility pursuant to Section 15.14 and the resultant Termination of the existing Credit Support Instrument or Liquidity Facility;

(3) with respect to each 2020 Bond bearing interest at a Commercial Paper Rate, on each Interest Payment Date immediately following each Commercial Paper Rate Period for such 2020 Bond;

(4) with respect to each 2020 Bond bearing interest at a Term Rate, on the Interest Payment Date immediately following each Term Rate Period for such 2020 Bond;

(5) with respect to 2020 Bonds bearing interest at a Daily Rate, a Weekly Rate or a Commercial Paper Rate, upon receipt by the Trustee of written notice from the Credit Provider for any such 2020 Bonds that an event of default or an event of termination (other than an immediate termination or suspension) has occurred under the related Credit Support Agreement with the effect that the obligations of such Credit Provider to purchase such 2020 Bonds or otherwise provide for the Purchase Price of such 2020 Bonds under such Credit Support Instrument shall terminate on the date specified in such notice, in which event such 2020 Bonds shall be subject to purchase on a Business Day selected by the Trustee which date shall be not more than five (5) Business Days after receipt of such notice, but in no event later than the Business Day preceding the termination date specified in the notice received from such Credit Provider; and

(6) The 2020 Bonds are subject to mandatory tender on the fifth Business Day prior to the date at least five (5) days prior to the date on which the Credit Support Instrument or Liquidity Facility is scheduled to expire or terminate in accordance with its terms and if the Trustee has not received notice at least forty (40) days prior to such date that an extension of such expiration or termination date or that an Alternate Credit Support Instrument or Alternate Liquidity Facility is to be provided. Not less than thirty days before each such Mandatory Tender Date under this Section 15.05(a)(6), the Trustee shall send a notice to all Owners by first class mail, postage prepaid, which notice shall contain the following information: (i) that the Credit Support Instrument or Liquidity Facility is scheduled to expire or terminate and no Alternate Credit Support Instrument or Alternate Liquidity Facility will be provided, (ii) that each Owner's 2020 Bond is subject to mandatory tender as provided in such notice, and (iii) if any of the nationally recognized rating agencies which has a credit rating outstanding on the 2020 Bonds has indicated to the Trustee in writing that it will lower or withdraw its rating on the 2020 Bonds as of such Mandatory Tender Date, notice of such new rating, or if no new rating is available, notice that any of such rating agencies may lower or withdraw such rating as of such Mandatory Tender Date.

(7) The 2020 Bonds are subject to mandatory tender on the fifth Business Day following receipt by the Trustee of notice from the Credit Provider or Liquidity Provider of the occurrence of an event of default under the Credit Support Agreement or the Liquidity Facility, as applicable, and that the Credit Provider or the Liquidity Provider will

not reinstate any portion of the Credit Support Instrument or Liquidity Facility, and in each case directing the mandatory tender of the 2020 Bonds. Not later than the third Business Day after receipt by the Trustee of such notice, the Trustee shall send to all Owners by first class mail, postage prepaid, and to the Depository, a notice which shall contain the following information: (1) that the Credit Provider has declared an event of default under the Credit Support Agreement and will not reinstate any portion of the Credit Support Instrument or that the Liquidity Provider has declared an event of default under the Liquidity Facility and will not reinstate any portion of the Liquidity Facility, and in each case directing the mandatory tender of the 2020 Bonds, and (2) that each Owner's 2020 Bond is subject to mandatory tender on the fifth Business Day following receipt by the Trustee of such notice from the Credit Provider or the Liquidity Provider, as applicable.

(b) Notice of mandatory tender for purchase on the Conversion Date shall be given by the Trustee to the Holders as provided in Section 14.05(b)(iv).

(c) The Trustee shall give notice by first class mail to the Holders of affected 2020 Bonds of each Termination of a Credit Support Instrument, each substitution of a Credit Support Instrument and each Expiration of a Credit Support Instrument making 2020 Bonds subject to mandatory tender pursuant to Section 15.05(a)(2), which notice shall (i) state the date of such Termination, substitution or Expiration; (ii) state that unless a Rating Confirmation is received with respect to the substitution (in which event no mandatory tender for purchase shall occur), such 2020 Bonds shall be subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice); and (iii) be mailed by the Trustee not later than the fifteenth (15th) day prior to such Termination, substitution or expiration.

(d) The Trustee shall give notice by first class mail to the Holders of affected 2020 Bonds of each Termination of a Liquidity Facility, each substitution of a Liquidity Facility and each Expiration of a Liquidity Facility making 2020 Bonds subject to mandatory tender pursuant to Section 15.05(a)(2), which notice shall (i) state the date of such Termination, substitution or Expiration; (ii) state that such 2020 Bonds shall be subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice); (iii) state whether any Alternate Credit Support Instrument or Alternate Liquidity Facility will be provided with respect to such 2020 Bonds, the provider or providers thereof, and the rating expected to apply to the 2020 Bonds after such Alternate Credit Support Instrument or Alternate Liquidity Facility is delivered; and (iv) be mailed by the Trustee not later than the fifteenth (15th) day prior to such Termination, substitution or Expiration.

(e) No notice need be given to the Holders of any 2020 Bond bearing interest at a Commercial Paper Rate of the mandatory tender for purchase of such 2020 Bond on an Interest Payment Date for such 2020 Bond.

(f) Upon the expiration of the then current Term Rate Period for a Series of 2020 Bonds, the Trustee shall give notice by first class mail to the Holder of such 2020 Bonds at the address shown on the bond registration books maintained by the Trustee not later than the tenth (10th) day prior to the date on which such 2020 Bonds are subject to mandatory tender for purchase pursuant to Section 15.05(a)(4), which notice shall state that such 2020 Bonds are subject to

mandatory tender on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice).

(g) The Trustee shall give notice by first class mail within two (2) Business Days of receipt of a notice from a Credit Provider or Liquidity Provider pursuant to Section 15.05(a)(5), to the Holders of the affected 2020 Bonds at their addresses shown on the bond registration books maintained by the Trustee which notice shall: (1) state such 2020 Bonds are subject to mandatory tender for purchase pursuant to Section 15.05(a)(5) at the applicable Purchase Price (which shall be specified in such notice); and (2) state the Purchase Date.

(h) With respect to a Series of 2020 Bonds in an Index Rate Period, the Trustee shall give notice by first-class mail, not later than the tenth (10th) day prior to the date on which such 2020 Bonds are subject to mandatory tender pursuant to Section 15.05(a)(6) which notice shall state that such 2020 Bonds are subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which Purchase Price shall be specified in such notice).

(i) All notices of a Mandatory Tender Date shall also be mailed by the Trustee to the Tender Agent and the applicable Credit Provider, Liquidity Provider and Remarketing Agent.

**Section 15.06 Delivery of Tendered 2020 Bonds.** With respect to any 2020 Bond that is registered in book-entry form with a Securities Depository, delivery of such 2020 Bond to the Trustee in connection with any optional or mandatory tender for purchase pursuant to Section 15.04 or 15.05 shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such 2020 Bond or any Participant of such Securities Depository to reflect the transfer of the beneficial ownership interest in such 2020 Bond to the account of the Trustee, or to the account of a Participant of such Securities Depository acting on behalf of the Trustee. With respect to any 2020 Bond that is not registered in book-entry form with a Securities Depository, delivery of such 2020 Bond to the Trustee in connection with any optional or mandatory tender for purchase pursuant to Section 15.04 or 15.05 shall be effected by physical delivery of such 2020 Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

**Section 15.07 2020 Bonds Deemed Purchased.**

(a) If moneys sufficient to pay the Purchase Price of 2020 Bonds to be purchased pursuant to Section 15.04 or 15.05 shall be held by the Trustee on the applicable Purchase Date, such 2020 Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such 2020 Bonds shall have been delivered to the Trustee or transferred on the books of a Securities Depository for such 2020 Bonds, and neither the former Holder or Beneficial Owner of such 2020 Bonds nor any other person shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

(b) In the event of non-delivery of any 2020 Bond to be purchased pursuant to Section 15.04 or 15.05, the Trustee shall segregate and hold uninvested the moneys for the Purchase Price

of such 2020 Bond in trust, without liability for interest thereon, for the benefit of the former Holders or Beneficial Owners of such 2020 Bond, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such 2020 Bond. Any moneys that the Trustee shall segregate and hold in trust for the payment of the Purchase Price of any 2020 Bond and remaining unclaimed for one (1) year after the date of purchase shall be paid automatically to the Authority. After the payment of such unclaimed moneys to the Authority, the former Holder or Beneficial Owner of such 2020 Bond shall look only to the Authority for the payment thereof.

**Section 15.08 Deposit of 2020 Bonds.**

(a) The Trustee agrees to accept and hold all 2020 Bonds delivered to it pursuant to Section 15.04 or 15.05 in trust for the benefit of the respective Holders or Beneficial Owners which shall have so delivered such 2020 Bonds until the Purchase Price of such 2020 Bonds shall have been delivered to or for the account of or to the order of such Holders or Beneficial Owners pursuant to Section 15.11. Any 2020 Bonds registered for transfer to new purchasers and delivered to the Trustee as described in Section 15.12 shall be held in trust by the Trustee for the benefit of such new purchasers until delivery to such new purchasers.

(b) [reserved]

**Section 15.09 Remarketing of Tendered 2020 Bonds.**

(a) Daily Put or Commercial Paper Tender Bonds.

(i) Not later than 10:15 a.m. (New York City time) on each Business Day on which the Trustee receives a notice from a Holder or Beneficial Owner of a 2020 Bond to be tendered pursuant to Section 15.04(a) (the “Daily Put Bonds”), and on each day any 2020 Bonds bearing interest at a Commercial Paper Rate are subject to mandatory tender pursuant to Section 15.05(a)(3) (the “Commercial Paper Tender Bonds”), the Trustee shall give notice by Electronic Means to the applicable Remarketing Agent and the Authority, specifying the principal amount of 2020 Bonds for which it has received such notice and the names of the Holder or Holders thereof. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Daily Put Bonds or Commercial Paper Tender Bonds, other than Bank Bonds, which shall be remarketed pursuant to Section 15.13.

(ii) Not later than 10:45 a.m. (New York City time) on the Purchase Date described in subparagraph (i) above, the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Authority of the accrued amount of interest payable with respect to the Daily Put Bonds or Commercial Paper Tender Bonds, as applicable, as of such Purchase Date and confirming the aggregate principal amount of the Daily Put Bonds or Commercial Paper Tender Bonds.

(iii) Not later than 12:00 p.m. (New York City time) on any Purchase Date for Daily Put Bonds or Commercial Paper Tender Bonds, the Remarketing Agent shall give notice by Electronic Means to the Authority and the Trustee of the principal amount of any Daily Put Bonds or Commercial Paper Tender Bonds, as applicable, which have not been



remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Daily Put Bonds or Commercial Paper Tender Bonds that have been remarketed to the Trustee by 12:15 p.m. (New York City time) on such day pursuant to Section 15.10.

(iv) If a Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Daily Put Bonds or Commercial Paper Tender Bonds to be purchased on any Purchase Date, the Trustee shall demand payment under the applicable Credit Support Instrument or Liquidity Facility then in effect with respect to the tendered 2020 Bonds in sufficient time (as set forth by the terms of the Credit Support Instrument or Liquidity Facility) so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Daily Put Bonds or Commercial Paper Tender Bonds, as applicable. The Trustee shall immediately after such demand for payment give notice by Electronic Means to the Authority of the amount, if any, of such demand.

(b) Weekly Put Bonds.

(i) Not later than 10:30 a.m. (New York City time) on each Business Day succeeding a day on which the Trustee receives a notice from a Holder or Beneficial Owner of 2020 Bonds to be tendered pursuant to Section 15.04(b) (the "Weekly Put Bonds"), the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Authority, specifying the principal amount of 2020 Bonds for which it has received such notice, the names of the Holder or Holders thereof and the Purchase Date. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Weekly Put Bonds, other than Bank Bonds, which shall be remarketed pursuant to Section 15.13.

(ii) Not later than 11:00 a.m. (New York City time) on the Business Day immediately preceding the Purchase Date described in subparagraph (i) above, the Trustee shall give notice by Electronic Means to the applicable Remarketing Agent and the Authority of the accrued amount of interest payable with respect to the Weekly Put Bonds as of such Purchase Date and confirming the aggregate principal amount of the Weekly Put Bonds.

(iii) Not later than 11:30 a.m. (New York City time) on any Purchase Date for Weekly Put Bonds, the Remarketing Agent shall give notice by Electronic Means to the Authority and the Trustee of the principal amount of Weekly Put Bonds that have not been remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Weekly Put Bonds that have been remarketed to the Trustee by 11:45 a.m.. (New York City time) on the Purchase Date pursuant to Section 15.10.

(iv) If a Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Weekly Put Bonds to be purchased on any Purchase Date, the

Trustee shall demand payment under the applicable Credit Support Instrument or Liquidity Facility then in effect with respect to the Weekly Put Bonds in sufficient time (as set forth by the terms of the applicable Credit Support Agreement or Liquidity Facility) so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Weekly Put Bonds. The Trustee shall immediately after such demand for payment give notice by Electronic Means to the Authority of the amount, if any, of such demand.

(c) Mandatory Tender Bonds.

(i) Not later than 9:30 a.m. (New York City time) on each Purchase Date occurring pursuant to Section 15.05 with the exception of subsection 15.05(a)(3), the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Authority specifying the principal amount of all Outstanding 2020 Bonds that are subject to mandatory tender (the “Mandatory Tender Bonds”) on such Purchase Date pursuant to any subsection of Section 15.05 except subsection 15.05(a)(3) and the names of the registered Holder or Holders thereof. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Mandatory Tender Bonds (if there is still an obligation to remarket), other than Bank Bonds, which shall be remarketed pursuant to Section 15.13.

(ii) Not later than 10:00 a.m. (New York City time) on each Purchase Date described in subparagraph (i) above, the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Authority of the accrued amount of interest payable with respect to the Mandatory Tender Bonds as of the Purchase Date and confirming the aggregate principal amount of the Mandatory Tender Bonds. With respect to Mandatory Tender Bonds that are in an Index Rate Period, the Trustee shall also give notice by Electronic Means to the Remarketing Agent and the Authority of the premium, if any, payable with respect to such Mandatory Tender Bonds as of the Purchase Date.

(iii) Not later than 11:30 a.m. (New York City time) on any Purchase Date with respect to Mandatory Tender Bonds, the Remarketing Agent shall give notice by Electronic Means to the Trustee and the Authority of the principal amount of Mandatory Tender Bonds that have not been remarketed in accordance with the Remarketing Agreement and its written commitment to deliver funds from the Mandatory Tender Bonds that have been remarketed to the Trustee by 11:45 a.m. (New York City time) on the Purchase Date pursuant to Section 15.10.

(iv) If a Remarketing Agent’s notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Mandatory Tender Bonds to be purchased on such Purchase Date, the Trustee shall demand payment under the applicable Credit Support Instrument or Liquidity Facility then in effect with respect to the Mandatory Tender Bonds in sufficient time (as set forth by the terms of the applicable Credit Support Agreement or Liquidity Facility) so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an

amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Mandatory Tender Bonds. The Trustee shall immediately after such demand for payment give notice to the Authority of the amount, if any, of such demand.

(d) Optional Authority Deposit. If a Remarketing Agent's notice pursuant to subparagraph (a)(iii), (b)(iii) or (c)(iii) above indicates that such Remarketing Agent has remarketed less than all the Daily Put Bonds, Commercial Paper Tender Bonds, Weekly Put Bonds, or Mandatory Tender Bonds to be purchased on any Purchase Date and the Trustee does not receive sufficient funds from, or has received notice from a Credit Provider or Liquidity Provider that it will not provide sufficient funds from, draws on the applicable Credit Support Instrument or Liquidity Facility, as applicable, to pay the Purchase Price of all such 2020 Bonds that have not been remarketed by 3:00 p.m. (New York City time) on the Purchase Date, the Trustee shall immediately (but in no event later than 3:30 p.m. (New York City time)) give notice by Electronic Means to the Authority specifying the principal amount and the Purchase Price of such 2020 Bonds for which moneys will not be available in the 2020 Bonds Purchase Fund and requesting the Authority to deposit with the Trustee as soon as possible on such Purchase Date, preferably by 4:00 p.m. (New York City time), an amount sufficient to pay that portion of the Purchase Price for which moneys will not be available in the 2020 Bonds Purchase Fund, such notice to be confirmed immediately by Electronic Means to the Authority. Such deposit by the Authority shall be at the sole option of the Authority.

(e) Limitation. If a Credit Support Instrument or Liquidity Facility is in effect with respect to a Series of 2020 Bonds, the Remarketing Agent with respect to such Series of 2020 Bonds shall not remarket any tendered 2020 Bonds to the Authority or any affiliate of the Authority. Each Remarketing Agent shall remarket the 2020 Bonds, as provided herein, at not less than the Purchase Price thereof, except for Bank Bonds, which shall be remarketed pursuant to Section 15.13.

(f) Authority Deposit of Premium with respect to Index Bonds. On any date when 2020 Bonds in an Index Rate Period Bonds are being redeemed or purchased pursuant to Section 14.05(a)(vi)(D) or Section 14.05(b)(i)(D), the Authority shall deposit with the Trustee as soon as possible on such date, but in no event later than 11:45 a.m. (New York City time) on such date, an amount that, when combined with the proceeds of remarketing of such 2020 Bonds, will be sufficient to pay the Purchase Price payable with respect to such 2020 Bonds, such amount to be deposited by the Trustee in the 2020 Bonds Purchase Fund, receipt of such deposit by the Trustee to be confirmed immediately by Electronic Means to the Authority. Notwithstanding any other provision of this Indenture, any failure by the Authority to make such a deposit shall not constitute an Event of Default.

(g) Inadequate Funds for Tenders. If sufficient funds are not available for the purchase of all 2020 Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, such 2020 Bonds shall bear interest at the Maximum Rate from the date of such failed purchase until such 2020 Bonds are purchased as required in accordance with this First Supplemental Indenture, and all tendered 2020 Bonds shall be returned to their respective Owners. Notwithstanding any other provision of this Indenture, such failed purchase and return shall not

constitute an Event of Default. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Provider or Credit Provider, as applicable.

**Section 15.10 Deposits into Accounts in the 2020 Bonds Purchase Fund.**

(a) The terms of any sale by a Remarketing Agent of any 2020 Bond tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 shall provide for the payment of the Purchase Price for such tendered or deemed tendered 2020 Bond by such Remarketing Agent to the Trustee for deposit in the applicable Remarketing Account of the 2020 Bonds Purchase Fund in immediately available funds at or before 12:15 p.m. (New York City time) on the Purchase Date. Each Remarketing Agent shall cause to be paid to the Trustee on each Purchase Date for tendered or deemed tendered 2020 Bonds all amounts representing proceeds of the remarketing of such 2020 Bonds, based upon the notice given by such Remarketing Agent pursuant to Section 15.09(a)(iii), 15.09(b)(iii), 15.09(c)(iii), as the case may be. All such amounts shall be deposited in the applicable Remarketing Account.

(b) The Trustee shall deposit in the 2020 Series A Bank Purchase Account all amounts received under a Credit Support Instrument or Liquidity Facility pursuant to Section 15.09(a)(iv), 15.09(b)(iv) or 15.09(c)(iv), as the case may be, and related to the 2020 Series A Bonds. The Trustee shall deposit in the 2020 Series B Bank Purchase Account all amounts received under a Credit Support Instrument or Liquidity Facility pursuant to Section 15.09(a)(iv), 15.09(b)(iv) or 15.09(c)(iv), as the case may be, and related to the 2020 Series B Bonds.

(c) Upon receipt of any notice from the Trustee pursuant to Section 15.09(d) that insufficient funds will be on deposit in the 2020 Bonds Purchase Fund to pay the full Purchase Price of all 2020 Bonds to be purchased on a Purchase Date, the Authority shall, at its sole option, deliver or cause to be delivered to the Trustee immediately available funds in an amount equal to such deficiency prior to 4:00 p.m. (New York City time) on the applicable Purchase Date. All such funds shall be deposited in the applicable 2020 Authority Account.

(d) All funds received from the Authority pursuant to Section 15.09(f) shall be deposited in the applicable Authority Account.

(e) The Trustee shall hold amounts in the 2020 Bonds Purchase Fund uninvested.

**Section 15.11 Disbursements from the 2020 Bonds Purchase Fund.**

(a) Application of Moneys. Moneys in the 2020 Bonds Purchase Fund (other than the proceeds of any remarketing of Bank Bonds, which shall be paid to the applicable Credit Provider or Liquidity Provider on the remarketing date) shall be applied at or before 4:00 p.m. (New York City time) to the purchase of 2020 Bonds as provided herein by the Trustee, on each Purchase Date, as follows:

First – Moneys constituting funds in either Remarketing Account shall be used by the Trustee on any Purchase Date to purchase 2020 Bonds of the Series to which such Remarketing Account relates tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 at the Purchase Price thereof.

Second – In the event such moneys in any Remarketing Account on any Purchase Date are insufficient to purchase all 2020 Bonds of the Series to which such Remarketing Account relates, moneys in the applicable Bank Purchase Account on such Purchase Date shall be used by the Trustee at that time to purchase such remaining 2020 Bonds of such Series at the Purchase Price thereof.

Third – If the amount of money in the applicable Remarketing Account and Bank Purchase Account on any Purchase Date is insufficient to pay in full the Purchase Price of all 2020 Bonds of such Series tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 on such Purchase Date, moneys in the applicable Authority Account on such Purchase Date, if any, shall be used by the Trustee at that time to purchase such remaining 2020 Bonds of such Series at the Purchase Price thereof.

Notwithstanding anything to the contrary in this Section, if the 2020 Bonds tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 are registered in book-entry form, payment of the Purchase Price of such 2020 Bonds shall be made in accordance with the rules and procedures of the Securities Depository.

(b) Nondeliveries. The Trustee shall, as to any 2020 Bonds that are not registered in book-entry form and that have not been delivered to it as required by Section 15.06, (i) notify the Remarketing Agent in writing of such nondelivery and (ii) place a stop transfer against an appropriate amount of 2020 Bonds registered in the name of the Holder of such 2020 Bonds on the bond registration books maintained by the Trustee. The Trustee shall place and maintain such stop transfer commencing with the lowest serial number 2020 Bond registered in the name of such Holder until stop transfers have been placed against an appropriate amount of 2020 Bonds until the appropriate 2020 Bonds are delivered to the Trustee as required by Section 15.06. Upon such delivery, the Trustee shall make any necessary adjustments to such bond registration books.

(c) Limitation. Notwithstanding anything contained herein to the contrary, while any Credit Support or Liquidity Facility is in effect with respect to a Series of 2020 Bonds, the Trustee shall only use proceeds obtained by remarketing any such 2020 Bonds to the Authority or any affiliate of the Authority to pay any portion of the Purchase Price of the tendered 2020 Bonds, if funds are unavailable under the Credit Support Instrument or Liquidity Facility for such purchase.

(d) Insufficient Funds. If sufficient funds are not available for the purchase of all Bonds of a Series of 2020 Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, all 2020 Bonds of such Series shall bear interest at the lesser of the SIFMA Swap Index plus three percent and the Maximum Rate from the date of such failed purchase until all such 2020 Bonds are purchased as required in accordance with this Indenture, and all tendered 2020 Bonds of such Series shall be returned to their respective Holders. Notwithstanding any other provision of this Indenture, such failed purchase and return shall not constitute an Event of Default. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Credit Provider or Liquidity Provider, if any, for such Series of 2020 Bonds.

### **Section 15.12 Delivery of 2020 Bonds.**

(a) If the 2020 Bonds are not registered in book-entry form, a principal amount of 2020 Bonds equal to the amount of 2020 Bonds successfully remarketed by each Remarketing Agent shall be delivered to the Trustee for registration or transfer to such persons as shall be designated by the Remarketing Agent. Such 2020 Bonds shall be held available at the office of the Trustee and shall be picked up at a location designated by the Trustee to the applicable Remarketing Agent at or after 1:00 p.m. (New York City time) on the Purchase Date against delivery of funds for deposit into the applicable Remarketing Account of the 2020 Bonds Purchase Fund equal to the Purchase Price of the 2020 Bonds that have been remarketed. If the 2020 Bonds are registered in book-entry form, transfer of ownership of the remarketed 2020 Bonds shall be effected in accordance with the procedures of the Securities Depository against delivery of funds for deposit into the applicable Remarketing Account of the 2020 Bonds Purchase Fund equal to the Purchase Price of the 2020 Bonds that have been remarketed.

(b) Any 2020 Bonds purchased with funds in any Bank Purchase Account of the 2020 Bonds Purchase Fund shall be delivered and held in accordance with Section 15.13. Any 2020 Bonds purchased with funds in any Authority Account of the 2020 Bonds Purchase Fund shall be delivered and held in accordance with the instructions of the Authority furnished to the Trustee. Such 2020 Bonds shall be held available for registration of transfer and delivery by the Trustee in such manner as may be agreed between the Trustee and the Credit Provider, Liquidity Provider or the Authority, as the case may be.

### **Section 15.13 Credit Support Instrument and Liquidity Facility; Bank Bonds.**

(a) Unless all the Outstanding Bonds of any Series of 2020 Bonds are Bank Bonds or are in an Index Rate Period, a Term Rate Period or a Fixed Rate Period, the Authority shall provide, or cause to be provided, to the Trustee a Credit Support Instrument or Liquidity Facility for such Series of 2020 Bonds. The Authority shall not reduce the amount of a Credit Support Instrument or Liquidity Facility or permit a substitution of a Credit Provider or Liquidity Provider thereunder without obtaining a Rating Confirmation with respect to such action unless such action is considered a substitution of a Credit Support Instrument or Liquidity Facility subjecting the 2020 Bonds affected thereby to mandatory purchase pursuant to Section 15.05(a)(2). The Authority shall have the right at any time to provide, pursuant to Section 15.14, an Alternate Credit Support Instrument or Alternate Liquidity for any Credit Support Instrument or Liquidity Facility then in effect. If there shall have been delivered to the Trustee (i) an Alternate Credit Support Instrument or Alternate Liquidity Facility meeting the requirements of Section 15.14(b) and (ii) the opinions and documents required by Section 15.14(c), then the Trustee shall accept such Alternate Credit Support Instrument or Alternate Liquidity Facility and, if so directed by the Authority, on or after the effective date of such Alternate Credit Support Instrument promptly surrender the Credit Support Instrument or Liquidity Facility being so substituted in accordance with the respective terms thereof for cancellation; provided the Trustee shall not surrender any Credit Support Instrument or Liquidity Facility until all draws or requests to purchase 2020 Bonds made under such Credit Support Instrument or Liquidity Facility have been honored in accordance with the terms thereof, including all draws required to be made in connection with such substitution. In the event that the Authority elects to provide an Alternate Credit Support Instrument or Alternate Liquidity Facility with respect to one or more Series of 2020 Bonds, the affected 2020 Bonds shall

be subject to the mandatory tender provisions of Section 15.05(a)(2). Notwithstanding the foregoing, if at any time there shall cease to be any Bonds of any Series of 2020 Bonds Outstanding or if all the Outstanding Bonds of any Series of 2020 Bonds have been converted to a Fixed Rate Period, an Index Rate Period or a Term Rate Period for which a Credit Support Instrument or Liquidity Facility is not required to be in effect, or a Credit Support Instrument or Liquidity Facility shall be terminated pursuant to its terms, the Trustee shall promptly surrender such Credit Support Instrument or Liquidity Facility in accordance with its terms for cancellation. The Trustee shall comply with the procedures set forth in each Credit Support Instrument or Liquidity Facility relating to the termination thereof. If any successor Trustee shall be selected pursuant to Section 8.01 of the Indenture, any Credit Support Instrument or Liquidity Facility then in effect shall forthwith be transferred to such successor Trustee.

(b) In the event that a Credit Support Instrument or Liquidity Facility is in effect with respect to a Series of 2020 Bonds, the Trustee shall make a demand for payment under such Credit Support Instrument or Liquidity Facility, subject to and in accordance with its terms, in order to receive payment thereunder on each Purchase Date for such Series of 2020 Bonds as provided in Section 15.09(a)(iv), Section 15.09(b)(iv) or Section 15.09(c)(iv), as applicable.

(c) Each such demand for payment shall be made pursuant to and in accordance with this First Supplemental Indenture. The Trustee shall give notice of each such demand for payment to the Authority at the time of each such demand. The proceeds of each such demand shall be deposited in the applicable Bank Purchase Account within the 2020 Bonds Purchase Fund and used in the order of priority established by Section 15.11. At the time of making any demand under a Credit Support Instrument or Liquidity Facility pursuant to Section 15.13(b), the Trustee shall direct the applicable Credit Provider or Liquidity Provider to pay the proceeds of such demand directly to the Trustee for deposit in the applicable Bank Purchase Account. The Trustee shall comply with all provisions of each Credit Support Instrument or Liquidity Facility in order to realize upon any demand for payment thereunder, and will not demand payment under any Credit Support Instrument or Liquidity Facility of any amounts for payment of: (i) Bank Bonds; or (ii) 2020 Bonds held by the Authority or held by any affiliate of the Authority or any nominee of the Authority unless the related Credit Support Agreement or such Liquidity Facility specifically permits such demand.

(d) Any 2020 Bonds purchased with payments made under a Credit Support Instrument or Liquidity Facility pursuant to Section 15.13(b) shall constitute Bank Bonds and shall be registered in the name of, or as otherwise directed by, the applicable Credit Provider or Liquidity Provider and delivered to or upon the order of, or as otherwise directed by, such Credit Provider or Liquidity Provider. At the option of the Authority, it may provide funds to the Credit Provider or Liquidity Provider to purchase Bank Bonds, in which event such 2020 Bonds shall be held by the Trustee in accordance with instructions by the Authority.

(e) Unless otherwise provided in a Credit Support Agreement or Liquidity Facility, Bank Bonds shall be remarketed by the applicable Remarketing Agent prior to any other 2020 Bonds of such Series tendered for purchase pursuant to Section 15.04 or 15.05 and shall be remarketed in accordance with the terms of the applicable Remarketing Agreement. Upon (i) receipt by the Authority and the Trustee of written notification from the Credit Provider or Liquidity Provider that the Credit Support Instrument or Liquidity Facility, as applicable, has been

fully reinstated with respect to principal and interest or purchase price, as applicable, and (ii) release by the applicable Credit Provider or Liquidity Provider of any Bank Bonds that the Remarketing Agent has remarketed, such 2020 Bonds shall be made available to the purchasers thereof and shall no longer constitute Bank Bonds for purposes of this First Supplemental Indenture. The proceeds of any remarketing of Bank Bonds shall be paid to the applicable Credit Provider or Liquidity Provider by the Trustee on such remarketing date in immediately available funds with interest on the sale price being calculated as if such 2020 Bond were not a Bank Bond; provided, however, if all such 2020 Bonds are Bank Bonds, at the principal amount thereof plus accrued interest, and the remarketing date will be considered an Interest Payment Date.

(f) The Trustee agrees that it will, promptly upon receipt, send (by Electronic Means) to the applicable Credit Provider or Liquidity Provider a copy of every notice received by it hereunder relating to any Bank Bonds.

Notwithstanding anything to the contrary herein or in the 2020 Bonds, all obligations of the Authority under or in connection with any Credit Support Agreement or Liquidity Facility (including, without limitation, the payment of any reimbursement obligations to any Credit Provider or Liquidity Provider and the payment of any Bank Bonds) shall be governed by the terms of the applicable Credit Support Agreement or Liquidity Facility.

(g) The Trustee shall provide to the applicable Remarketing Agent and to each Rating Agency then rating any Series of 2020 Bonds written notice of the extension of any Credit Support Instrument or Liquidity Facility in effect with respect to such Series of 2020 Bonds.

(h) Whenever requested in writing by the Authority, the Trustee shall submit to the applicable Credit Provider or Liquidity Facility a reduction certificate or other appropriate documentation necessary under the applicable Credit Support Instrument or Liquidity Facility to reduce the principal amount of any Series of 2020 Bonds and related interest to reflect any purchase or redemption of such 2020 Bonds by the Authority and the cancellation of such 2020 Bonds.

(i) If at any time any Rating Agency reduces the short-term ratings of a Credit Provider or Liquidity Provider below “A-1” by S&P or “P-1” by Moody’s or “F1” by Fitch, the Authority shall use its best efforts to replace such Credit Provider or Liquidity Provider.

#### **Section 15.14 Alternate Credit Support Instrument and Alternate Liquidity Facility.**

(a) So long as any 2020 Bonds bear interest at a Variable Rate (other than 2020 Bonds in an Index Rate Period, a Term Rate Period for which there is no Credit Support Instrument or Liquidity Facility, or a Fixed Rate Period), on or prior to the Expiration or Termination of any existing Credit Support Instrument or Liquidity Facility, including any renewals or extensions thereof (other than an Expiration of such Credit Support Instrument or Liquidity Facility at the final maturity of the 2020 Bonds to which such Credit Support Instrument or Liquidity Facility relates), the Authority shall provide to the Trustee (with a copy to the applicable Remarketing Agent) a renewal or extension of the term of the existing Credit Support Instrument or Liquidity Facility for such Series of 2020 Bonds or an Alternate Credit Support Instrument or Alternate Liquidity Facility for such Series of 2020 Bonds meeting the requirements set forth in subsection (b) of this Section.



(b) The Authority may at any time provide an Alternate Credit Support Instrument or Alternate Liquidity Facility for a Series of 2020 Bonds in accordance with the provisions hereof and upon delivery to the Trustee of the items specified in subsection (c) of this Section.

Any such Alternate Credit Support Instrument or Alternate Liquidity Facility must meet the following conditions:

(i) The obligations of the Credit Provider or Liquidity Provider under such Alternate Credit Support Instrument or Alternate Liquidity Facility to purchase 2020 Bonds or otherwise provide for the Purchase Price of 2020 Bonds tendered or deemed tendered pursuant to Section 15.04 or Section 15.05 shall not be subject to suspension or termination on less than fifteen (15) days' notice to the Authority and the Trustee; provided, however, that the obligations of a Credit Provider or Liquidity Provider to purchase 2020 Bonds or otherwise provide for the Purchase Price of such 2020 Bonds may be immediately suspended or terminated (A) without such notice upon the occurrence of such events as may be provided in a Credit Support Agreement or Liquidity Facility and which are disclosed to the Holders of such 2020 Bonds in connection with the provision of such Credit Support Instrument or Liquidity Facility or, (B) if applicable, upon the remarketing of such 2020 Bonds upon the mandatory tender thereof as a result of provision of such Alternate Credit Support Instrument or Alternate Liquidity Facility pursuant to Section 15.05(a)(2);

(ii) such Alternate Credit Support Instrument or Alternate Liquidity Facility must take effect on or before the Purchase Date for the 2020 Bonds established pursuant to Section 15.05(a)(2); and

(iii) such Alternate Credit Support Instrument or Liquidity Facility must be in an amount sufficient to pay the maximum Purchase Price of the affected 2020 Bonds which will be applicable during the Rate Period commencing on such substitution.

(c) Prior to the date of the delivery of such Alternate Credit Support Instrument or Alternate Liquidity Facility to the Trustee pursuant to subsection (b) of this Section, the Authority shall cause to be furnished to the Trustee (i) a Favorable Opinion of Bond Counsel addressed to the Trustee to the effect that the delivery of such Alternate Credit Support Instrument or Alternate Liquidity Facility to the Trustee is authorized under this Indenture and complies with the terms hereof and will not, in and of itself, adversely affect the Tax-Exempt status of interest on the affected 2020 Bonds and (ii) an opinion or opinions of counsel to the Credit Provider or Liquidity Provider for such Alternate Credit Support Instrument or Alternate Liquidity Facility, as applicable, addressed to the Trustee, to the effect that such Alternate Credit Support Instrument or Alternate Liquidity Facility has been duly authorized, executed and delivered by the applicable Credit Provider or Liquidity Provider and constitutes the valid, legal and binding obligation of such Credit Provider or Liquidity Provider enforceable against such Credit Provider or Liquidity Provider in accordance with its terms and (iii) if the affected 2020 Bonds are not subject to mandatory tender for purchase, the Rating Confirmation required by Section 15.05(a)(2).

(d) The Trustee shall give notice by first class mail to the Holders of the affected 2020 Bonds of the proposed substitution of the existing Credit Support Instrument or Liquidity Facility not later than the fifteenth (15th) day prior to the substitution date.

**Section 15.15 Remarketing Agents for the 2020 Bonds.** The Authority shall appoint and employ one or more Remarketing Agents for 2020 Bonds of a Series in a Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period, a Term Rate Period and an Index Rate Period for which the Authority has designated a Purchase Date pursuant to Section 14.05(b)(i)(C)(1). The Authority hereby appoints BofA Securities, Inc. as the initial Remarketing Agent for the 2020 Series A Bonds, and J.P. Morgan Securities LLC as the initial Remarketing Agent for the 2020 Series B Bonds. All references in this First Supplemental Indenture to the term “Remarketing Agent” shall mean the one or more banks, trust companies or members of the Financial Industry Regulatory Authority, Inc. appointed by the Authority to perform the duties and obligations of the Remarketing Agent hereunder with respect to the 2020 Series A Bonds or the 2020 Series B Bonds, as applicable; provided that any such bank, trust company or member of the Financial Industry Regulatory Authority, Inc. so appointed shall be organized and doing business under the laws of any state of the United States of America and shall have, together with its parent, if any, a capitalization of at least fifteen million dollars (\$15,000,000) as shown in its or its parent’s most recently published annual report. The Authority shall execute and deliver to each Remarketing Agent a Remarketing Agreement, which shall designate the Series of 2020 Bonds for which it shall act as Remarketing Agent and the Remarketing Agent’s principal office and in which such Remarketing Agent shall agree: (i) to perform the duties and comply with the requirements imposed upon it by such Remarketing Agreement and this Indenture; and (ii) to keep such books and records with respect to its activities as Remarketing Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by each of the Authority and the Trustee at all reasonable times upon reasonable notice.

## **ARTICLE XVI PURCHASE OF 2020 BONDS AT DIRECTION OF AUTHORITY**

### **Section 16.01 Mandatory Tender for Purchase of 2020 Bonds at Direction of Authority.**

(a) In addition to the provisions relating to the mandatory tender for purchase of 2020 Bonds pursuant to Section 15.05, the 2020 Bonds, or any of them, shall be subject to mandatory tender for purchase by the Authority, in whole or in part (such that the portion that is subject to mandatory tender for purchase pursuant to this Section 16.01 and the portion not subject to such mandatory tender shall each be in an Authorized Denomination), from Available Moneys, at the applicable Optional Purchase Price on each Optional Purchase Date. In the event that the Authority determines to purchase any 2020 Bonds on any Optional Purchase Date, the Authority shall provide the Trustee with written notice of such determination at least fifteen (15) days prior to the Optional Purchase Date, which notice shall specify the Series of 2020 Bonds and the principal amount of such 2020 Bonds of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

(b) When the Trustee shall receive notice from the Authority of its determination to purchase 2020 Bonds pursuant to subsection (a) of this Section, the Trustee shall give notice, in

the name of the Authority, of the mandatory tender for purchase of such 2020 Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than ninety (90) nor less than ten (10) days before the Optional Purchase Date to the Holders of any 2020 Bonds or portions of 2020 Bonds to be purchased at their addresses appearing in the bond registration books maintained by the Trustee, with a copy to the Notice Parties. Such notice shall specify the Series of 2020 Bonds and the maturities of such 2020 Bonds to be purchased, the Optional Purchase Date, the Optional Purchase Price and the place or places where the Optional Purchase Price due upon such tender for purchase shall be payable and, if less than all of the 2020 Bonds of any Series and like maturity are to be purchased, the letters and numbers or other distinguishing marks of such 2020 Bonds so to be purchased, and, in the case of 2020 Bonds to be purchased in part only, such notice shall also specify the respective portions of the principal amount thereof to be purchased. Such notice shall further state that on such Optional Purchase Date there shall become due and payable upon each 2020 Bond to be purchased, the Optional Purchase Price thereof, or the Optional Purchase Price of the specified portions of the principal amount thereof to be purchased in the case of 2020 Bonds to be purchased in part only, and that from and after such Optional Purchase Date interest on such 2020 Bond for the benefit of the current Holder of such 2020 Bond or the portion of such 2020 Bond to be purchased shall cease to accrue and be payable.

Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the 2020 Bonds and failure of any Holder of a 2020 Bond to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of the 2020 Bonds pursuant to this Section.

(c) If at the time the Trustee sends any notice of mandatory tender for purchase of the 2020 Bonds pursuant to this Section, the Authority has not deposited with the Trustee Available Moneys in an amount sufficient to pay the full Optional Purchase Price of the 2020 Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Trustee on or prior to the Optional Purchase Date fixed for such purchase of Available Moneys sufficient to pay the Optional Purchase Price of such 2020 Bonds, or the portions thereof to be purchased, and that if such Available Moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to purchase such 2020 Bonds. In the event that such notice of mandatory tender for purchase contains such a condition and such Available Moneys are not so received, no purchase of the 2020 Bonds identified in the notice of mandatory tender for purchase shall be made and the Trustee shall, within a reasonable time thereafter, give notice, to the applicable Remarketing Agent and to the persons and in the manner in which the notice of tender was given, that such Available Moneys were not so received and that, there will be no purchase of 2020 Bonds pursuant to the notice of mandatory tender for purchase.

(d) If less than all of the Outstanding 2020 Bonds of any Series are to be called for mandatory tender for purchase pursuant to this Section, the principal amount and maturity of such 2020 Bonds to be purchased shall be selected by the Authority in its sole discretion. If less than all of any Series of 2020 Bonds of like maturity shall be called for mandatory tender for purchase pursuant this Section, except as otherwise provided by the Securities Depository, the particular 2020 Bonds or portions of 2020 Bonds to be purchased shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that in selecting portions of 2020 Bonds for purchase, the Trustee shall treat each 2020 Bond of

the same Series as representing that number of 2020 Bonds of the minimum Authorized Denomination for the 2020 Bonds which is obtained by dividing the principal amount of such 2020 Bond by the minimum Authorized Denomination for the 2020 Bonds.

**Section 16.02 Delivery of Tendered 2020 Bonds.** With respect to any 2020 Bond that is registered in book-entry form, delivery of such 2020 Bond to the Trustee in connection with any mandatory tender for purchase pursuant to Section 16.01 shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such 2020 Bond or any Participant thereof to reflect the transfer of the beneficial ownership interest in such 2020 Bond to the account of the Trustee, on behalf of the Authority, or to the account of a Participant acting on behalf of the Authority. With respect to any 2020 Bond that is not registered in book-entry form, delivery of such 2020 Bond to the Trustee in connection with any mandatory tender for purchase pursuant to Section 16.01 shall be effected by physical delivery of such 2020 Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Optional Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

**Section 16.03 2020 Bonds Deemed Purchased.**

(a) If moneys sufficient to pay the Optional Purchase Price of 2020 Bonds to be purchased pursuant to Section 16.01 on an Optional Purchase Date shall be held by the Trustee on such Optional Purchase Date, such 2020 Bonds shall be deemed to have been purchased for all purposes of this Indenture, irrespective of whether or not such 2020 Bonds shall have been delivered to the Trustee or transferred on the books of the Securities Depository for the 2020 Bonds, and neither the former Holder or former Beneficial Owner of such 2020 Bonds nor any other person shall have any claim thereunder, under this Indenture or otherwise, for any amount other than the Optional Purchase Price thereof.

(b) In the event of non-delivery of any 2020 Bond to be purchased pursuant to Section 16.01, the Trustee shall segregate and hold uninvested the moneys for the Optional Purchase Price of such 2020 Bond in trust, without liability for interest thereon, for the benefit of the former Holders or Beneficial Owners of such 2020 Bond, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Optional Purchase Price of such 2020 Bond. Any moneys that the Trustee shall segregate and hold in trust for the payment of the Optional Purchase Price of any 2020 Bond remaining unclaimed for one (1) year after the Optional Purchase Date shall be paid automatically to the Authority. After the payment of such unclaimed moneys to the Authority, the former Holder or former Beneficial Owner of such 2020 Bond shall look only to the Authority for the payment thereof.

**Section 16.04 Deposit of 2020 Bonds.** The Trustee agrees to accept and hold all 2020 Bonds delivered to it pursuant to Section 16.01 in trust for the benefit of the respective Holders or Beneficial Owners which shall have so delivered such 2020 Bonds until the Optional Purchase Price of such 2020 Bonds shall have been delivered to or for the account of or to the order of such Holders or Beneficial Owners pursuant to Section 16.05. Any 2020 Bonds purchased pursuant to

Section 16.01 and registered for transfer to the Trustee shall be held in trust by the Trustee for the benefit of the Authority in accordance with the instructions of the Authority.

**Section 16.05 Payment of Optional Purchase Price of 2020 Bonds.**

(a) Available Moneys held by the Trustee for the payment of the Optional Purchase Price of 2020 Bonds subject to mandatory tender for purchase pursuant to Section 16.01 shall be applied at or before 3:00 p.m. (New York City time) on the Optional Purchase Date to the purchase of such 2020 Bonds. Except as otherwise provided with respect to 2020 Bonds that are registered in book-entry form, payment of the Optional Purchase Price of 2020 Bonds tendered for purchase pursuant to Section 16.01 shall be made only upon the surrender of such 2020 Bonds to the Trustee. Notwithstanding anything to the contrary in this Section, if the 2020 Bonds to be tendered for purchase pursuant to Section 16.01 are registered in book-entry form, payment of the Optional Purchase Price for tendered 2020 Bonds shall be made in accordance with the rules and procedures of the Securities Depository.

(b) The Trustee shall, as to any 2020 Bonds that are not registered in book-entry form and that have not been delivered to it as required by Section 16.02, place a stop transfer against an appropriate amount of 2020 Bonds registered in the name of the Holder of such 2020 Bonds on the bond registration books maintained by the Trustee. The Trustee shall place and maintain such stop transfer commencing with the lowest serial number 2020 Bond registered in the name of such Holder until stop transfers have been placed against an appropriate amount of 2020 Bonds until the appropriate 2020 Bonds are delivered to the Trustee. Upon such delivery, the Trustee shall make any necessary adjustments to such bond registration books.

**Section 16.06 2020 Bonds Owned by Authority.**

(a) Any 2020 Bonds purchased by the Authority pursuant to Section 16.01 shall not be cancelled by the Trustee unless such cancellation is directed by an Authorized Representative but shall remain Outstanding for all purposes of the Indenture.

(b) The Authority covenants and agrees that it shall not transfer or cause the transfer of any 2020 Bond purchased by the Authority pursuant to Section 16.01 unless the Authority delivers to the Trustee a Favorable Opinion of Bond Counsel with respect to such transfer.

(c) The Authority covenants and agrees that, in the event that at any time there are insufficient funds in the Revenue Fund, the Principal Fund, the Interest Fund or the Redemption Fund, as applicable, to pay the principal of and interest then due on the Outstanding 2020 Bonds, it will surrender or cause to be surrendered to the Trustee for cancellation any 2020 Bonds held by or on behalf of the Authority.

**ARTICLE XVII**

**ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF**

**Section 17.01 Funds and Accounts.** The following funds and accounts are hereby established in connection with the 2020 Bonds:

(a) To ensure the proper application of such portion of proceeds from the sale of the 2020 Bonds to be applied to pay Costs of the Project and Costs of Issuance of the 2020 Bonds, there is hereby established the 2020 Project Fund, such fund to be held by the Trustee.

(b) To provide for a reserve fund for the 2020 Bonds, there is hereby established and maintained with the Trustee a fund within the Subordinate Bonds Reserve Fund designated as the “2020 Bonds Reserve Fund.”

(c) To ensure proper application of funds to be applied to the purchase of 2020 Bonds tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05, there is hereby established the 2020 Bonds Purchase Fund, such fund to be held by the Tender Agent. There shall also be created and established six separate accounts in the 2020 Bonds Purchase Fund designated the “2020 Series A Remarketing Account,” the “2020 Series B Remarketing Account,” the “2020 Series A Bank Purchase Account,” the “2020 Series B Bank Purchase Account,” the “2020 Series A Authority Account” and the “2020 Series B Authority Account.”

**Section 17.02 2020 Project Fund.** The monies set aside and placed in the 2020 Project Fund shall remain therein until from time to time expended for the purpose of paying the Costs of the Project and Costs of Issuance of the 2020 Bonds and shall not be used for any other purpose whatsoever.

(a) Before any payment from the 2020 Project Fund shall be made by the Trustee, the Authority shall file or cause to be filed with the Trustee a Requisition of the Authority, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Authority and are presently due and payable and that each item thereof is a proper charge against the 2020 Project Fund and has not been previously paid from said fund; and (vi) that there has not been filed with or served upon the Authority notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law. The Trustee shall not be responsible for the representations made in such Requisitions of the Authority and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein.

(b) When the Authority determines that that portion of the Project funded with the 2020 Bonds has been completed, a Certificate of the Authority shall be delivered to the Trustee by the Authority stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the 2020 Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the 2020 Project Fund, less the amount of any such retention, to the 2020 Bonds Reserve Fund, to the extent of any deficiency therein, and then to the Revenue Fund or, if so directed by the Authority, to the Rebate Fund.

**Section 17.03 Funding and Application of the 2020 Bonds Reserve Fund; Bond Reserve Requirement for the 2020 Bonds.** The Trustee shall deposit the amount of \$0.00 in the 2020 Bonds Reserve Fund, which amount is equal to the 2020 Bonds Reserve Requirement upon issuance of the 2020 Bonds. All amounts in the 2020 Bonds Reserve Fund (including all amounts which may be obtained from any Reserve Facility on deposit in the 2020 Bonds Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the Subordinate Interest Fund or the Subordinate Principal Fund relating to the 2020 Bonds; or, (ii) together with any other moneys available therefor, (x) for the payment of all of the 2020 Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2020 Bonds then Outstanding, provided, however, that if funds on deposit in the 2020 Bonds Reserve Fund are applied to the defeasance or redemption of a portion of the 2020 Bonds, the amount on deposit in the 2020 Bonds Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2020 Bonds Reserve Requirement applicable to all 2020 Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2020 Bonds. Any amounts on deposit in the 2020 Bonds Reserve Fund in excess of the 2020 Bonds Reserve Requirement shall be transferred to the Authority on June 1 of each year.

**Section 17.04 2020 Bonds Purchase Fund.** Moneys in the 2020 Bonds Purchase Fund shall be applied as provided in this Section.

(a) **Remarketing Accounts.** All moneys received by the Trustee on behalf of purchasers of 2020 Bonds pursuant to Section 15.10(a), other than the Authority, shall be (i) deposited in the applicable Remarketing Account within the 2020 Bonds Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with Section 15.11.

(b) **Bank Purchase Accounts.** All moneys received by the Trustee as payments under any Credit Support Instrument or Liquidity Facility for the purchase of 2020 Bonds pursuant to Section 15.09(a)(iv), Section 15.09(b)(iv) or Section 15.09(c)(iv) shall be (i) deposited in the applicable Bank Purchase Account within the 2020 Bonds Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with Section 15.11.

(c) **Authority Accounts.** All moneys received by the Trustee from the Authority for the purchase of 2020 Bonds pursuant to Section 15.10(c) shall be (i) deposited in the applicable Authority Account within the 2020 Bonds Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with Section 15.11.

The moneys in the 2020 Bonds Purchase Fund shall be used solely to pay the Purchase Price of 2020 Bonds as provided herein (or to reimburse a Credit Provider or Liquidity Provider for payments made under the applicable Credit Support Instrument or Liquidity Facility for such purpose) and may not be used for any other purposes. All amounts held in the 2020 Bonds Purchase Fund, including the Remarketing Accounts, the Bank Purchase Accounts and Authority Accounts therein, shall be held in trust by the Trustee for the benefit of the Holders or Beneficial Owners of 2020 Bonds to which such account relates tendered or deemed tendered for purchase pursuant to Section 15.04 and 15.05 (provided that any amounts held in a Remarketing Account that are

derived from the remarketing of Bank Bonds shall be held in trust for the benefit of the applicable Credit Provider or Liquidity Provider).

Moneys in the 2020 Bonds Purchase Fund shall be held, in Eligible Accounts, uninvested pending application thereof as provided in this Section 17.04. In the event that an account required to be an “Eligible Account” no longer complies with the requirement, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

(d) Credit Support Instrument. The Trustee shall establish, maintain and hold in trust hereunder for the benefit of the Credit Provider special funds designated as the “Credit Support Instrument Account” and the “Credit Support Instrument Prepayment Account.” There shall be deposited in the Credit Support Instrument Account all amounts drawn under the Credit Support Instrument, except for amounts drawn thereunder with respect to Prepayments which shall be deposited in the Credit Support Instrument Prepayment Account and amounts drawn thereunder with respect to the payment of the purchase price of tendered 2020 Bonds.

During the term of the Credit Support Instrument, on each Bond Payment Date, following a draw on the Credit Support Instrument and receipt of the proceeds of such draw, the Trustee shall withdraw the amounts, if any, on deposit in the Subordinate Interest Fund and the Subordinate Principal Fund, as applicable, and, to the extent moneys are owed to the Credit Provider under the Credit Support Agreement, pay such amounts to the Credit Provider; provided, however, the Trustee shall not be required to pay amounts to the Credit Provider in excess of the amount drawn on the Credit Support Instrument.

Sources of funds for the payment of the 2020 Bonds (other than Bank Bonds and 2020 Bonds not secured by a Credit Support Instrument) shall be applied in the following order of priority to pay principal of and interest on the 2020 Bonds:

- (i) moneys deposited in the Credit Support Instrument Account or the Credit Support Instrument Prepayment Account, as appropriate;
- (ii) moneys on deposit in the Subordinate Bond Reserve Fund;
- (iii) other Available Moneys furnished to the Trustee; and
- (iv) any other money made available to the Trustee for such purpose.

Payment of Bank Bonds shall be made from amounts on deposit in the Subordinate Interest Fund, the Subordinate Principal Fund and the Subordinate Bonds Reserve Fund, and other Available Moneys furnished to the Trustee and any other money made available to the Trustee for such purpose, as applicable.

On or before each Bond Payment Date, the Trustee shall transfer from the Subordinate Interest Fund and the Subordinate Principal Fund, as applicable, and deposit into the following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be



satisfied before any transfer is made to any account subsequent in priority, to the extent that draws on the Credit Support Instrument are not sufficient for such purpose or if the 2020 Bonds are not secured by a Credit Support Instrument. The Trustee shall provide the Authority with immediate notice by telephone, confirmed in writing, if a draw on the Credit Support Instrument has not produced sufficient funds to pay the principal of and interest on the 2020 Bonds when due, and that the Trustee will be applying funds in the Subordinate Interest Fund and the Subordinate Principal Fund, as applicable, to make such payment.

On or before each Bond Payment Date, the Trustee shall deposit in the Subordinate Interest Fund an amount required to cause the aggregate amount on deposit therein to equal the amount of interest becoming due and payable on such Bond Payment Date on all Outstanding 2020 Bonds. No deposit shall be made into the Subordinate Interest Fund if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding 2020 Bonds on each succeeding Bond Payment Date within the then current Bond Year. All moneys in the Subordinate Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2020 Bonds as it shall become due and payable (including accrued interest on any 2020 Bonds redeemed prior to maturity) in the event a Credit Support Instrument is not supporting the 2020 Bonds or a draw on such Credit Support Instrument has not produced sufficient funds.

On or before each Bond Payment Date, the Trustee shall deposit in the Subordinate Principal Fund an amount required to cause the aggregate amount on deposit therein to equal the principal amount of the 2020 Bonds maturing on such Bond Payment Date. All moneys in the Subordinate Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2020 Bonds in the event a Credit Support Instrument is not securing the 2020 Bonds or a draw on such Credit Support Instrument has not produced sufficient funds.

The Trustee shall draw under the Credit Support Instrument in accordance with the terms thereof not later than 3:00 p.m., New York City time, on the Business Day prior to the day such funds are required by the Trustee hereunder at the times, in the manner and in an amount equal to the full amount of the installments of principal and interest coming due on each Bond Payment Date and each date that 2020 Bonds are to be redeemed hereunder. The Trustee shall deposit the amounts so drawn: (i) in the Credit Support Instrument Account and shall use the amounts therein solely to pay such principal and interest as it comes due and (ii) in the Credit Support Instrument Prepayment Account and shall use the amounts therein solely to pay such redemption of 2020 Bonds in advance of their maturity, as appropriate; provided, however, the Trustee shall not draw on the Credit Support Instrument to make payments due with respect to Bank Bonds.

## **ARTICLE XVIII MISCELLANEOUS**

**Section 18.01 Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this First Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this First Supplemental Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be

affected thereby, and this First Supplemental Indenture and the 2020 Bonds issued pursuant hereto shall remain valid, and the Holders of the 2020 Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

**Section 18.02 Parties Interested Herein.** Nothing in this First Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the Trustee, each Credit Provider, Liquidity Provider and the Holders of the 2020 Bonds, any right, remedy or claim under or by reason of this First Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this First Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, each Credit Provider, each Liquidity Provider and the Holders of the 2020 Bonds.

**Section 18.03 Headings Not Binding.** The headings in this First Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Supplemental Indenture.

**Section 18.04 Notice Addresses.** Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

**Section 18.05 Notices to Rating Agencies.** The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2020 Bonds:

- (1) Change in Trustee or Remarketing Agent;
- (2) Amendments to the Indenture;
- (3) Provision, Expiration, Termination, substitution or extension of a Credit Support Instrument or substitution of any Credit Provider thereunder;
- (4) Provision, expiration, termination, substitution or extension of a Liquidity Facility or substitution of any Liquidity Provider thereunder;
- (5) Conversion of an Interest Rate Determination Method of any Series of 2020 Bonds;
- (6) Redemption or defeasance of any 2020 Bonds; and
- (7) Any mandatory tender of any 2020 Bonds.

**Section 18.06 Certain References Herein.** All references herein to the Remarketing Agent should be read as references to the applicable Remarketing Agent for the affected Series of 2020 Bonds.

**Section 18.07 Indenture to Remain in Effect.** Save and except as amended and supplemented by this First Supplemental Indenture, the Indenture shall remain in full force and effect.

**Section 18.08 Effective Date of First Supplemental Indenture.** This First Supplemental Indenture shall take effect upon its , execution and delivery.

**Section 18.09 Execution in Counterparts.** This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

(Seal)

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM

By: \_\_\_\_\_  
General Counsel

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**FORM OF 2020 BOND**

No. R-- \_\_\_\_\_

\$ \_\_\_\_\_

**San Mateo County Transportation Authority  
Subordinate Sales Tax Revenue Bond  
(Limited Tax Bond)  
2020 Series \_\_**

<b>INTEREST RATE</b>	<b>MATURITY</b>	<b>ISSUE DATE</b>	<b>CUSIP</b>
Variable	December 1, 20____	July __, 2020	

**REGISTERED OWNER:** Cede & Co.

**PRINCIPAL AMOUNT:** \_\_\_\_\_ Dollars

SAN MATEO COUNTY TRANSPORTATION AUTHORITY, a public entity duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the interest rates and on the dates (each, an "Interest Payment Date") described herein. The principal of and premium, if any, on this Bond are payable to the registered Holder hereof upon presentation and surrender of this Bond at the principal office of The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor as trustee under the hereinafter defined Indenture, the "Trustee") in Los Angeles, California. Interest on this Bond shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Holder hereof as of the close of business on the Record Date at such registered Holder's address as it appears on the Bond Register. As used herein, "Record Date" means: (a) for any Interest Payment Date in respect of any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period, the Business Day next preceding such Interest Payment Date; and (b) for any Interest Payment Date in respect of any Term Rate Period or Fixed Rate Period, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occur.

This Bond is one of a duly authorized issue of bonds of the Authority, designated as "San Mateo County Transportation Authority, Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds)" (the "Bonds"), of the series designated above, all of which are being issued pursuant to the provisions of the Bay Area County Traffic and Transportation Funding Act constituting Division 12.5 of the California Public Utilities Code (the "Act"), and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (together with the Act, the "Law"), and an Indenture, dated as of July 1, 2020, as supplemented, including as supplemented by a First Supplemental Indenture, dated as of July 1, 2020 (the "First Supplemental Indenture"), each between the Authority and the Trustee, hereinafter referred to collectively as the

“Indenture.” Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of, one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.

**THIS BOND IS A LIMITED TAX BOND OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE AUTHORITY IS NOT OBLIGATED TO PAY THIS BOND EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE AUTHORITY, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED HEREIN) OF THE AUTHORITY IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND THE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.**

Reference is hereby made to the Indenture and the Law for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Revenues and certain other funds and the rights of the registered Holders of the Bonds and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the registered Holder from time to time of this Bond, and to all the provisions thereof the registered Holder of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the Indenture.

This Bond is payable as to both principal and interest, and any premium upon redemption hereof, exclusively from the Revenues and other funds pledged under the Indenture, which consist primarily of the amounts available for distribution to the Authority on and after July 1, 1988 on account of the retail transactions and use tax imposed in the County of San Mateo pursuant to the Law, after deducting amounts payable by the Authority to the State Board of Equalization for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law, and all regularly-scheduled amounts (but not termination payments) owed or paid to the Authority by any Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Authority to such Counterparty under such Interest Rate Swap Agreement, and, as to Purchase Price, from the proceeds of remarketing this Bond and any moneys made available under the Credit Support Instrument or Liquidity Facility, if any, relating to this Bond, all as provided in the Indenture, and the Authority is not obligated to pay the principal of and interest on this Bond except from Revenues and certain other funds pledged thereunder.

## **Source of Payment of Purchase Price**

The Authority has provided a Credit Support Instrument or has entered into a Liquidity Facility to provide a source of funds for the purchase of 2020 Variable Rate Demand Bonds bearing interest at the Weekly Rate or the Daily Rate if remarketing proceeds are not available for such purpose.

## **Interest Rate Determination Method, Rate Periods, Interest Payment Dates and Authorized Denominations**

In the manner hereinafter provided and subject to the provisions of the Indenture, the term of this Bond will be divided into consecutive Rate Periods during each of which this Bond shall bear interest at the Daily Rate (the “Daily Rate Period”), the Weekly Rate (the “Weekly Rate Period”), the Commercial Paper Rate (the “Commercial Paper Rate Period”), the Term Rate (the “Term Rate Period”), the Index Rate (the “Index Rate Period”) or the Fixed Rate (the “Fixed Rate Period”). The initial Rate Period for this Bond shall be a Weekly Rate Period and during such initial Rate Period this Bond shall bear interest at Weekly Rates. The subsequent Rate Period(s) and interest rate(s) for this Bond shall be determined in accordance with the provisions of the Indenture.

This Bond shall bear interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid or duly provided for; or (iii) if the date of authentication of this Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. During Daily Rate Periods, Weekly Rate Periods, Index Rate Periods, or Commercial Paper Rate Periods, interest on this Bond shall be computed on the basis of a 365- or 366-day year for the number of days actually elapsed. While this Bond is in a Term Rate Period or the Fixed Rate Period, interest on this Bond shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. The term “Interest Payment Date” means: (i) with respect to any Daily or Weekly Rate Period, the first Business Day of each calendar month; (ii) with respect to any Commercial Paper Rate Period, the day immediately succeeding the last day of the Commercial Paper Rate Period applicable to this Bond; (iii) with respect to a Term Rate Period, each June 1 and December 1 occurring during such Term Rate Period; (iv) with respect to a Fixed Rate Period, each June 1 and December 1 from the Fixed Rate Conversion Date to the maturity or earlier redemption of this Bond; (v) with respect to an Index Rate Period, on the first Business Day of each June and December, or, if the Authority obtains a Favorable Opinion of Bond Counsel, on such other periodic dates as shall be selected by the Authority in accordance with the Indenture; and (vi) in all events the final maturity date or redemption date of this Bond, or any date on which, pursuant to the terms of the Indenture, the Bond is subject to redemption at the option of the Authority.

Pursuant to the Indenture, at any one time, each 2020 Bond shall have the same Interest Rate Determination Method and shall bear interest at the same rate, except for 2020 Bonds that are Bank Bonds, 2020 Bonds during a Commercial Paper Rate Period and 2020 Bonds of different maturities bearing interest at a Fixed Rate. At the times and subject to the conditions set forth in the Indenture, the Authority may elect that the 2020 Bonds shall bear interest based on an Interest Rate Determination Method and for a Rate Period, different from the Interest Rate Determination

Method or Rate Period then applicable. Notice of any adjustment of the Interest Rate Determination Method or Rate Period shall be given by the Trustee to the Holder of this Bond as set forth in the Indenture.

During each Daily Rate Period, this Bond shall bear interest at the Daily Rate, determined by the Remarketing Agent on each Business Day.

During each Weekly Rate Period, this Bond shall bear interest at the Weekly Rate, determined by the Remarketing Agent by 5:00 p.m., New York City time on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week, provided that the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate shall be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date.

During each Commercial Paper Rate Period, this Bond shall bear interest at the Commercial Paper Rate or rates applicable to this Bond. The Remarketing Agent shall select the Commercial Paper Rate Period or Periods for each Series of 2020 Bonds on a Business Day selected by the Remarketing Agent not more than five (5) Business Days prior to the first day of such Commercial Paper Rate Period and not later than 12:30 p.m., New York City time, on the first day of such Commercial Paper Rate Period. Each Commercial Paper Rate Period shall be a period of not less than one (1) nor more than 270 days.

During an Index Rate Period, this Bond shall bear interest at the Index Rate calculated on each Index Rate Determination Date by the Index Agent in accordance with the Indenture. The Authority shall determine the Purchase Date, if any, with respect to such Index Rate Period in accordance with the Indenture, and a new Index Rate Period shall take effect upon satisfaction of the conditions in the Indenture.

During a Term Rate Period, this Bond shall bear interest at the Term Rate determined by the Remarketing Agent by 5:00 p.m. on the Term Rate Computation Date. The Authority shall select the duration of each Term Rate Period and each Term Rate Period shall end on the March 31 selected by the Authority which is a minimum of 180 days after commencement of such Term Rate Period or if the day next succeeding such March 31 is not a Business Day, on the first day after such March 31 that precedes a Business Day but in no event later than the maturity date of this Bond.

During the Fixed Rate Period, this Bond shall bear interest at the Fixed Rate, determined by the Remarketing Agent on the Fixed Rate Computation Date in accordance with the provisions of the Indenture.

In no event shall the interest rate on this Bond be greater than the Maximum Rate.

This Bond shall be deliverable in the form of a fully registered Bond in the following denominations: (a) during any Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, \$100,000 and any integral multiple of \$5,000 in excess thereof; and (b) during a Term Rate Period, an Index Rate Period or the Fixed Rate Period, \$5,000 and any multiple thereof (such denominations being referred to herein as “Authorized Denominations”).



## **Optional and Mandatory Tender Provisions**

“Purchase Date” means any date on which this Bond is purchased pursuant to the provisions of the Indenture.

“Purchase Price” means an amount equal to 100% of the principal amount of this Bond (or the portion hereof) tendered or deemed tendered to the Trustee for purchase pursuant to the Indenture; provided that if this Bond bears interest at an Index Rate, is subject to payment of a Spread Premium and is purchased prior to its Par Call Date, then the Purchase Price shall be equal to 100% of the Spread Premium that would have been applicable to this Bond had it been optionally redeemed on the Purchase Date; plus if such Purchase Date is not an Interest Payment Date, accrued interest to but not including the Purchase Date; provided, however, if the Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price shall not include accrued interest, which shall be paid to the Holder on the applicable Record Date.

During any Daily Rate Period, this Bond or any portion hereof (such that both the portion tendered for purchase and the portion not so tendered shall be in an Authorized Denomination) shall be purchased on any Business Day at the applicable Purchase Price upon delivery by the Holder or Beneficial Owner of this Bond of an irrevocable written notice or notice by Electronic means that states the principal amount of this Bond to be tendered for purchase and the Purchase Date, which notice shall be delivered to the Remarketing Agent and to the Trustee at its Principal Office by no later than 11:00 a.m. (New York City time) on such Purchase Date.

During any Weekly Rate Period, this Bond or any portion hereof (such that the portion tendered for purchase and the portion not so tendered shall be in an Authorized Denomination) shall be purchased on any Business Day at the applicable Purchase Price upon delivery by the Holder or Beneficial Owner of this Bond of an irrevocable written notice or notice by Electronic means that states the principal amount of this Bond to be tendered for purchase and the Purchase Date, which notice shall be delivered to the Remarketing Agent and to the Trustee at its Principal Office by 5:00 p.m. (New York City time) on any Business Day at least 7 days prior to the Purchase Date.

This Bond shall be subject to mandatory tender for purchase at the applicable Purchase Price: (a) on the Conversion Date for the 2020 Series [ ] Bonds to a new Interest Rate Determination Method specified in a Conversion Notice; (b) if this Bond is bearing interest at a Commercial Paper Rate or a Weekly Rate or a Daily Rate, (1) on the fifth (5th) Business Day preceding (A) the scheduled Expiration of the applicable Credit Support Instrument or Liquidity Facility or (B) the Termination of a Credit Support Instrument or Liquidity Facility at the election of the Authority as permitted by the related Credit Support Agreement or such Liquidity Facility; and (2) on the date of the provision of the applicable Alternate Credit Support Instrument or Alternate Liquidity Facility for this Bond and the resultant Termination of the existing Credit Support Instrument or Liquidity Facility; provided, however, that, notwithstanding any other provision of the Indenture to the contrary, no mandatory tender for purchase shall be required if a Rating Confirmation shall be delivered by each Rating Agency then rating this Bond with respect to which the Alternate Credit Support Instrument or Alternate Liquidity Facility is being provided; (c) if this Bond is bearing interest at a Commercial Paper Rate, on the Interest Payment Date

immediately following each Commercial Paper Rate Period for this Bond; (d) if this Bond is bearing interest at a Term Rate, the Interest Payment Date immediately following each Term Rate Period for this Bond; and (e) upon receipt by the Trustee of written notice from the Credit Provider or Liquidity Provider that an event of default or event of termination has occurred under the applicable Credit Support Agreement or Liquidity Facility with the effect that the obligations of such Credit Provider or Liquidity Provider to purchase this Bond or otherwise provide for the Purchase Price of this Bond shall terminate on the date specified in such notice.

If this Bond is registered in book-entry form with a Securities Depository, delivery of this Bond to the Trustee in connection with any optional or mandatory tender for purchase shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for this Bond or any Participant of such Securities Depository to reflect the transfer of the beneficial ownership interest in such Bond to the account of the Trustee, or to the account of a Participant of such Securities Depository acting on behalf of the Trustee. With respect to any Bond that is not registered in book-entry form with a Securities Depository, delivery of such Bond to the Trustee in connection with any optional or mandatory tender for purchase shall be effected by physical delivery of such Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

If moneys sufficient to pay the Purchase Price of 2020 Series [ ] Bonds to be purchased pursuant to an optional or mandatory tender shall be held by the Trustee on the applicable Purchase Date, such 2020 Series [ ] Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such 2020 Series [ ] Bonds shall have been delivered to the Trustee or transferred on the books of a Securities Depository for such 2020 Series [ ] Bonds, and neither the former Holder or Beneficial Owner of such 2020 Series [ ] Bonds nor any other person shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

### **Optional and Mandatory Redemption Provisions**

Bonds shall be subject to optional and mandatory redemption as specified in the Indenture.

### **Mandatory Tender and Purchase at Direction of Authority**

On each date on which this Bond is subject to redemption at the option of the Authority, this Bond is also subject to mandatory tender for purchase by the Authority, in whole or in part, from Available Moneys, at a purchase price equal to the amount that would be payable upon the redemption of this Bond at the option of the Authority on such date. Notice of such mandatory tender for purchase shall be given by mail not more than 90 days nor less than 10 days before the date of purchase (the "Optional Purchase Date"). Such notice may be conditional and if conditional notice is given and the Trustee does not have sufficient Available Moneys available on the Optional Purchase Date to pay the purchase price of the 2020 Series [ ] Bonds (the "Optional Purchase Price") subject to mandatory tender for purchase on such Optional Purchase Date, then such purchase shall be cancelled and the Authority shall be under no obligation to purchase this

Bond. If Available Moneys sufficient to pay the Optional Purchase Price of the 2020 Series [ ] Bonds subject to mandatory tender for purchase are held by the Trustee on the Optional Purchase Date, all 2020 Series [ ] Bonds subject to mandatory tender for purchase on such Optional Purchase Date shall be deemed purchased by the Authority and neither the former Holder or former Beneficial Owner of this Bond nor any other person shall have any claim thereunder, under the Indenture or otherwise, for any amount other than the Optional Purchase Price.

### **Amendments and Modifications**

The rights and obligations of the Authority and of the Beneficial Owners, registered Holders and registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Holders of Bonds.

### **Transfer and Exchange Provisions**

This Bond is transferable or exchangeable as provided in the Indenture, only upon the bond registration books maintained by the Trustee, by the registered Holder hereof, or by his or her duly authorized attorney, upon surrender of this Bond at the Principal Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his or her duly authorized attorney, and thereupon a new 2020 Series [ ] Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of any charges therein prescribed.

### **Persons Deemed Holders**

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Holder hereof for all purposes, including receiving payment of, or on account of, the principal, Purchase Price or Optional Purchase Price hereof and any redemption premium and interest due hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Act, and that this Bond, together with all other indebtedness of the Authority payable out of Revenue, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF the San Mateo County Transportation Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives all as of the Issue Date set forth above.

SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

(Seal)

Attest:

\_\_\_\_\_  
Director of Finance

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

This Bond is one of the 2020 Series [ ] Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: \_\_\_\_\_

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**[DTC LEGEND]**

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

**[FORM OF ASSIGNMENT]**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
TAX IDENTIFICATION NUMBER OF ASSIGNEE

\_\_\_\_\_  
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoint

\_\_\_\_\_  
to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature:

\_\_\_\_\_  
(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Holder as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

\_\_\_\_\_  
Notice: Signature must be guaranteed by an eligible guarantor firm.



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PRELIMINARY OFFICIAL STATEMENT DATED JULY \_\_\_, 2020

**NEW ISSUE – BOOK ENTRY ONLY**

**RATINGS:**  
**S&P: “AA+”/“A-1”**  
(See “RATINGS” herein)

*In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the 2020 Bonds and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), as described herein, interest on the 2020 Bonds is not included in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, interest on the 2020 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the 2020 Bonds is exempt from personal income taxes of the State of California. See “TAX MATTERS.”*

\$ \_\_\_\_\_\*  
**San Mateo County Transportation Authority**  
**Subordinate Sales Tax Revenue Variable Rate Demand Bonds**  
**(Limited Tax Bonds)**

Price: 100%

\$ \_\_\_\_\_\*  
**2020 Series A**  
(CUSIP No. \_\_\_\_\_)

\$ \_\_\_\_\_\*  
**2020 Series B**  
(CUSIP No. \_\_\_\_\_)

**Dated: Date of Delivery**

**Due: June 1, 2049**

The San Mateo County Transportation Authority (the “Authority”) will issue its Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A (the “2020 Series A Bonds”) in the aggregate principal amount of \$ \_\_\_\_\_\* and its Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B (the “2020 Series B Bonds”) and, together with the 2020 Series A Bonds, the “2020 Bonds”) in the aggregate principal amount of \$ \_\_\_\_\_\* pursuant to an Indenture, dated as of July 1, 2020 (as supplemented, the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee.

The 2020 Bonds are limited obligations of the Authority payable from the receipts of retail transactions and use taxes imposed in the County of San Mateo, California (the “County”) for transportation and related purposes as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS.” The Authority will apply the proceeds of the 2020 Bonds to: (i) finance Costs of the Project, as defined herein, (ii) fund estimated interest with respect to the 2020 Bonds through approximately \_\_\_\_, 2023, and (iii) pay the costs of issuing the 2020 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “FINANCING PLAN.” No debt service reserve will be funded for the 2020 Bonds.

Initially the 2020 Series A Bonds will be issued in the Weekly Rate Period and the 2020 Series B Bonds will be issued in the Daily Rate Period. The Authority will pay interest on the 2020 Bonds in the Weekly Rate Period and the Daily Rate Period, on each June 1 and December 1, commencing on December 1, 2020 (each an “Interest Payment Date”). Investors may purchase the 2020 Bonds in book-entry form only. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The 2020 Bonds are subject to mandatory tender at any time by the Holders of the 2020 Bonds for purchase and remarketing. The 2020 Bonds are also subject to optional and mandatory sinking fund redemption by the Authority prior to maturity as described herein. Payments of the principal, redemption price of and interest on the 2020 Bonds will be initially supported by an irrevocable transferable direct-pay letter of credit (the “Letter of Credit” or the initial “Credit Support Instrument”) to be issued by Bank of America, N.A. (the initial “Credit Provider”) pursuant to a Reimbursement Agreement, dated as of July \_\_, 2020, by and between the Authority and the Credit Provider. Drawings under the Letter of Credit will be used to pay the principal of and interest on the 2020 Bonds when due. The Letter of Credit will also be drawn on to pay the purchase price of 2020 Bonds tendered by Holders and not remarketed. See “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT” and APPENDIX G – “INFORMATION REGARDING THE CREDIT PROVIDER.” Unless otherwise terminated or extended pursuant to its terms, the Letter of Credit will expire on \_\_\_\_, 2023.

[insert bank logo]

**The 2020 Bonds do not constitute a debt or liability of the County, the State of California (the “State”) or any political subdivision thereof other than the Authority to the extent of the pledge of Revenues described herein, or a pledge of the full faith and credit of the state or of any political subdivision of the State. The credit or taxing power (other than as described in the Indenture) of the Authority is not pledged, for the payment of the 2020 Bonds, their interest, or any premium due upon redemption of the 2020 Bonds. The 2020 Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Sales Tax Revenues and certain other funds pledged under the Indenture.**

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.



**This cover page contains general information only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The Official Statement only describes terms of the 2020 Bonds while bearing interest in a Daily Rate Period or a Weekly Rate Period. There are significant differences in the terms of the 2020 Bonds after conversion to an Interest Rate Period other than in a Daily Rate Period or a Weekly Rate Period.**

The 2020 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Norton Rose Fulbright US LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority by its General Counsel and by Norton Rose Fulbright US LLP, Disclosure Counsel to the Authority, and for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. It is expected that the 2020 Bonds will be available for delivery through the book-entry facilities of The Depository Trust Company on or about July \_\_, 2020.

**BofA Securities**

**J.P. Morgan Securities**

Dated: July \_\_, 2020

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)**

**SUMMARY OF TERMS**

<b><u>2020 Series/CUSIP<sup>(1)</sup></u></b>	<b><u>Remarketing Agent</u></b>	<b><u>Interest Rate Prior to Conversion</u></b>	<b><u>Ratings</u></b>	<b><u>Authorized Denomination</u></b>	<b><u>Interest Payment Dates<sup>(2)</sup></u></b>	<b><u>Maturity</u></b>
2020 Series A Bonds CUSIP No. _____	BofA Securities, Inc.	Weekly Rate	“AA+”/“A-1”	\$100,000 and any integral multiple of \$5,000 in excess thereof	Each June 1 and December 1	June 1, 2049
2020 Series B Bonds CUSIP No. _____	J.P. Morgan Securities LLC	Daily Rate	“AA+”/“A-1”	\$100,000 and any integral multiple of \$5,000 in excess thereof	Each June 1 and December 1	June 1, 2049

<sup>(1)</sup> For a detailed description of the 2020 Series Bonds bearing interest at a Weekly Rate or a Daily Rate, see “DESCRIPTION OF THE 2020 BONDS.”

<sup>(2)</sup> Interest will commence on December 1, 2020 and be computed on the basis of a 365/366-day year and actual days elapsed during any Daily Rate Period or Weekly Rate Period.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the San Mateo County Regional Transportation Authority (the "Authority") and other sources that are believed by the Authority to be reliable.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the 2020 Bonds. This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. This Official Statement is submitted with respect to the sale of the 2020 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute.

The Underwriters may offer and sell the 2020 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover pages hereof and such public offering prices may be changed from time to time by the Underwriters.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, U.S. Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule").

CUSIP is a registered trademark of the American Bankers Association. CUSIP data on the cover hereof or herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. None of the Underwriters, Remarketing Agents, the Municipal Advisors or the Authority is responsible for the selection or correctness of such CUSIP numbers.

The initial Credit Provider has provided only the information related to itself set forth in Appendix G for inclusion in this Official Statement and has not provided any other information for this Official Statement. The initial Credit Provider has not (i) independently verified or reviewed, (ii) made any representation regarding, or (iii) accepted any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, and the initial Credit Provider does not guarantee the accuracy of any information set forth herein other than solely with respect to the information with respect to itself in APPENDIX G.

**CAUTIONARY STATEMENTS REGARDING  
FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Authority in any way, regardless of the level of optimism communicated in the information. The Authority is not obligated to issue nor does it plan to issue any updates or revisions to the forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur.

[INSERT MAP]

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**

**BOARD OF DIRECTORS**

Emily Beach, *Chair*

Rico E. Medina, *Vice Chair*

Carole Groom

Don Horsley

Julia Mates

Karyl Matsumoto

Carlos Romero

**EXECUTIVE DIRECTOR**

Jim Hartnett

**EXECUTIVE OFFICERS**

Carter Mau – *Deputy Chief Executive Officer*

Michelle Bouchard – *Chief Operating Officer, Rail*

April Chan – *Chief Officer, Planning, Grants, and the Transportation Authority*

John Funghi – *Chief Officer, CalMod Program*

Derek Hansel – *Chief Financial Officer*

Seamus Murphy – *Chief Communications Officer*

David Olmeda – *Chief Operating Officer, Business*

Dora Seamans – *Executive Officer District Secretary/Executive Administration*

**GENERAL COUNSEL**

Joan Cassman, Esq.  
Hanson Bridgett LLP  
San Francisco, California

**SPECIAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Norton Rose Fulbright US LLP  
Los Angeles, California

**Municipal Advisors**

Ross Financial  
San Francisco, California

Fieldman, Rolapp & Associates, Inc.  
Irvine, California

**Trustee and Dissemination Agent**

The Bank of New York Mellon Trust Company, N.A.  
Los Angeles, California

INTRODUCTION .....	1
General.....	1
Application of 2020 Bond Proceeds .....	1
Authority for Issuance.....	1
Security for the 2020 Bonds .....	2
No Reserve Fund .....	3
Letter of Credit.....	3
The Authority.....	4
SMCTD.....	4
Remarketing Agents.....	4
Related Parties .....	5
FINANCING PLAN .....	5
ESTIMATED SOURCES AND USES OF FUNDS .....	6
DESCRIPTION OF THE 2020 BONDS .....	6
General.....	6
Interest Rate Determination Methods .....	7
Conversion.....	8
Special Considerations Relating to the Bonds .....	9
Redemption Terms for 2020 Bonds .....	10
General Redemption Provisions .....	11
Holder’s Option to Tender 2020 Bonds for Purchase.....	12
Mandatory Tender of 2020 Bonds for Purchase .....	13
Mandatory Tender for Purchase of 2020 Bonds at Direction of Authority .....	14
Issuance of Senior Bonds.....	16
Issuance of Additional Subordinate Bonds.....	18
SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS .....	19
Pledge of Sales Tax Revenues .....	19
Collection of Sales Tax Revenues .....	19
Revenue Fund; Allocation of Sales Tax Revenues.....	19
No Reserve Fund .....	24
Limited Obligation.....	24
Alternate Credit Support Instrument.....	24
Limitations on Rights of Credit Providers, Liquidity Facility Provider; Reserve Facility Providers .....	25
THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT .....	26
The Letter of Credit .....	26
The Reimbursement Agreement .....	27
SAN MATEO COUNTY TRANSPORTATION AUTHORITY .....	29
General.....	29
Measure A Expenditure Plan .....	29
Measure W Expenditure Plan .....	30
Board of Directors.....	30
Executive Staff.....	32

THE SALES TAX REVENUES.....	32
Authorization, Application and Collection of the Sales Tax Revenues.....	32
Historical Measure A Sales Tax Revenues.....	33
Other Sales Taxes Imposed in the County.....	35
AUTHORITY INVESTMENT PORTFOLIO.....	35
RISK FACTORS .....	36
Economic Conditions.....	36
COVID-19 Pandemic.....	36
Legislative Changes.....	38
Other Sales Taxes .....	38
No Acceleration of 2020 Bonds.....	38
Bankruptcy Considerations.....	38
Proposition 218.....	39
Further Initiatives.....	39
Cybersecurity.....	39
Climate Change.....	40
ABSENCE OF MATERIAL LITIGATION.....	40
TAX MATTERS.....	40
Federal Tax Exemption.....	40
Tax Accounting Treatment of Bond Premium.....	41
Information Reporting and Backup Withholding .....	42
State Tax Exemption.....	42
Future Developments.....	42
LEGAL MATTERS.....	42
CONTINUING DISCLOSURE.....	43
RATINGS .....	43
UNDERWRITING .....	43
Purchase of the 2020 Bonds.....	43
Retail Brokerage Arrangements.....	44
MUNICIPAL ADVISORS .....	44
FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS .....	44
MISCELLANEOUS .....	44



APPENDIX A	–	SAN MATEO COUNTY TRANSPORTATION AUTHORITY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019
APPENDIX B	–	INFORMATION REGARDING THE COUNTY OF SAN MATEO
APPENDIX C	–	SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
APPENDIX D	–	FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX E	–	BOOK-ENTRY ONLY SYSTEM
APPENDIX F	–	PROPOSED FORM OF OPINION OF BOND COUNSEL
APPENDIX G	–	INFORMATION REGARDING THE 2020 CREDIT PROVIDER

**OFFICIAL STATEMENT**

\$ \_\_\_\_\_ \*  
**San Mateo County Transportation Authority**  
**Subordinate Sales Tax Revenue Variable Rate Demand Bonds**  
**(Limited Tax Bonds)**  
Price: 100%

\$ \_\_\_\_\_ \*  
**2020 Series A**

\$ \_\_\_\_\_ \*  
**2020 Series B**

**INTRODUCTION**

**General**

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the San Mateo County Transportation Authority (the “Authority”) of its Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A (the “2020 Series A Bonds”) in the aggregate principal amount of \$ \_\_\_\_\_ \* and its Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B (the “2020 Series B Bonds” and, together with the 2020 Series A Bonds, the “2020 Bonds”) in the aggregate principal amount of \$ \_\_\_\_\_ \*. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C or, if not defined therein, in the Indenture (as defined herein). The Authority is a separate legal entity from the City of San Mateo, California (the “City”) and the County of San Mateo, California (the “County”).

**Application of 2020 Bond Proceeds**

The Authority will apply the proceeds of the 2020 Bonds to: (i) finance Costs of the Project, as defined herein, (ii) fund estimated interest with respect to the 2020 Bonds through approximately \_\_\_\_\_, 2023, and (iii) pay the costs of issuing the 2020 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “FINANCING PLAN.”

No debt service reserve will be funded for the 2020 Bonds.

**Authority for Issuance**

The Authority is authorized to issue the 2020 Bonds, secured by and payable from a lien on revenues of (i) the Measure A Sales Tax Revenues (as defined herein) pursuant to the Bay Area County Traffic and Transportation Funding Act, Division 12.5 (Section 131000 et seq.) of the Public Utilities Code of the State as now in effect and as it may from time to time hereafter be amended or supplemented (the “Transportation Authority Act”), and (ii) the Measure W Sales Tax Revenues (as defined herein) pursuant to the San Mateo County Transit District Act, Part 15 of Division 10 (Section 103000 et seq.) of the Public Utilities Code of the State as now in effect and as it may from time to time hereafter be amended or supplemented (the “SMCTD Act”). The 2020 Bonds will be issued under an Indenture, dated as of July 1, 2020 (the “Master Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), as supplemented by a First Supplemental Indenture, dated as of July 1, 2020 (the “First Supplemental” and, together with the Master Indenture, the “Indenture”), relating to the issuance of the 2020 Bonds.

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\* Preliminary, subject to change.

The Authority currently has no obligations outstanding payable from a pledge of or lien on the Sales Tax Revenues (defined below). Under the Indenture, the Authority may issue Senior Bonds and additional Subordinate Bonds, subject to certain restrictions as described herein, see “DESCRIPTION OF THE 2020 BONDS – Issuance of Senior Bonds” and “DESCRIPTION OF THE 2020 BONDS – Issuance of Additional Subordinate Bonds” and APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

### **Security for the 2020 Bonds**

The 2020 Bonds are limited obligations of the Authority payable from and secured by a pledge of and a lien on Revenues under the Indenture. Revenues consist of Sales Tax Revenues received from two voter approved measures as more specifically described below and herein under “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS.”

**Definitions.** The following definitions are selected terms from the Indenture. See also APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

“District” means the San Mateo County Transit District.

“District Ordinance” means the “2018 San Mateo County Transit District Retail Transactions and Use Tax Ordinance” adopted by the Board of Directors of the District and approved by at least two-thirds of the voters of the County at an election held on November 6, 2018.

“Dual Sales Tax Period” means the period from the Closing Date to the earlier of (i) the date that the Measure A Sales Tax terminates or (ii) the date that the Measure W Sales Tax terminates.

“Measure A Sales Tax Revenues” has the meaning set forth below under “*Measure A.*”

“Measure W Sales Tax Revenues” has the meaning set forth below under “*Measure W.*”

“Measure W Sales Tax Transfer Agreement” means the Measure W Sales Tax Transfer Agreement, dated as of July 1, 2020, between the District and the Authority, providing for the Authority to receive one-half of the net proceeds of the District’s Measure W Sales Tax Revenues.

“1988 Ordinance” means Ordinance No. 03135, the “San Mateo County Transportation Authority Ordinance,” adopted by the Board of Supervisors of the County and approved by a majority of the voters of the County at an election held on June 7, 1988.

“Ordinance” means, collectively, the 1988 Ordinance and the Measure A Sales Tax Extension Ordinance, and any amendments or extensions thereto, together with any future ordinance that is adopted pursuant to the Transportation Authority Act from time to time and that is designated as an “Ordinance” hereunder pursuant to a Supplemental Indenture, as such future ordinance may be amended or extended pursuant to the Transportation Authority Act from time to time.

“Revenues” means: (i) all Sales Tax Revenues; and (ii) all Swap Revenues.

“Measure A Sales Tax Extension Ordinance” means the Ordinance No. 04223, the “2004 San Mateo County Transportation Authority Ordinance,” adopted by the Board of Supervisors of the County and approved by at least two-thirds of electors voting on such proposition in the November 2, 2004 election.

“Sales Tax Revenues” means, collectively, the Measure A Sales Tax Revenues and the Measure W Sales Tax Revenues.

“Singular Sales Tax Period” means the period from the end of the Dual Sales Tax Period to the Tax Expiration Date.

“Tax Expiration Date” means the latest of (i) June 30, 2049, (ii) the date to which the levy of the Measure W Sales Tax is extended in accordance with the District Ordinance or (iii) the date to which the levy of the Measure A Sales Tax is extended in accordance with the Ordinance.

**Measure A.** In 1988, the Board of Supervisors of the County adopted the 1988 Ordinance, which was later approved by majority vote of the electors of the County on June 7, 1988 through a ballot measure known as “Measure A,” providing for the imposition of a retail transactions and use tax applicable in the incorporated and unincorporated territory of the County at the rate of one-half of one percent (1/2%) for a period of twenty (20) years, with proceeds of the tax to be used for transportation purposes as specified in Measure A (the “Measure A Sales Tax”). The original term of the Measure A Sales Tax commenced on January 1, 1989 and was scheduled to end on December 31, 2008. On November 2, 2004, at least two-thirds of electors voting approved the Measure A Sales Tax Extension Ordinance, which extended the Measure A Sales Tax for an additional twenty-five (25) years; the Measure A Sales Tax is now scheduled to expire on December 31, 2033. “Measure A Sales Tax Revenues” are amounts available for distribution to the Authority on account of the Measure A Sales Tax imposed in accordance with the Transportation Authority Act, the 1988 Ordinance and the 2004 Ordinance after deducting amounts payable by the Authority to the California Department of Tax and Fee Administration (the “CDTFA”) for costs and expenses for its services in connection with the Measure A Sales Tax, less 2% of such net amounts transferred to the San Francisco Bay Area Transit District (“BART”) pursuant to a three-party agreement among BART, the Authority and the San Mateo County Transit District (“SMCTD” or “District”).

The Taxpayer Transparency and Fairness Act of 2017 restructured the California State Board of Equalization (the “BOE”) into three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The CDTFA handles most of the taxes and fees previously collected by the BOE, including the sales taxes authorized under Measure A and Measure W (defined below).

**Measure W.** On November 6, 2018, two-thirds of the electors of the County approved a ballot measure known as “Measure W,” authorizing SMCTD under the District Ordinance to impose a retail transactions and use tax applicable in the incorporated and unincorporated territory of the County at the rate of one-half of one percent (1/2%) for a period of thirty (30) years, beginning on July 1, 2019 and ending June 30, 2049, with proceeds of the tax to be used for transportation purposes as specified in Measure W (the “District’s Measure W Sales Tax”). “Measure W Sales Tax Revenues” are the portion of the District’s Measure W Sales Tax received by the Authority pursuant to the District Ordinance, after deducting amounts payable by SMCTD to the CDTFA for costs and expenses for its services, and pursuant to the [Measure W Sales Tax Transfer Agreement], providing for the Authority to receive one-half of the net proceeds of the District’s Measure W Sales Tax Revenues.

### **No Reserve Fund**

No debt service reserve will be funded for the 2020 Bonds.

### **Letter of Credit**

Payments of the principal, redemption amount of and interest on the 2020 Bonds will be initially supported by an irrevocable transferable direct-pay letter of credit (the “Letter of Credit” or the initial “Credit Support Instrument”) to be issued by Bank of America, N.A. (the initial “Credit Provider”) pursuant to a Reimbursement Agreement, dated as of July \_\_, 2020 (the “Reimbursement Agreement”), between the Authority and the Credit Provider. Drawings under the Letter of Credit will be used to pay the principal of and interest on the 2020 Bonds when due. The Letter of Credit will also be drawn on to purchase 2020 Bonds tendered by Holders and not remarketed. See “THE LETTER OF CREDIT AND

THE REIMBURSEMENT AGREEMENT” and APPENDIX G – “INFORMATION REGARDING THE 2020 CREDIT PROVIDER.”

**The Authority**

The Authority is an independent agency, formed in 1988 under the Transportation Authority Act with the passage of the voter-approved half-cent sales tax for countywide transportation projects and programs known as Measure A. The Authority's Board of Directors is composed of seven elected officials representing the cities in the County, the County of San Mateo and the San Mateo County Transit District. The Authority's staff is supplied by SMCTD. See “THE SAN MATEO COUNTY TRANSPORTATION AUTHORITY.”

**SMCTD**

The San Mateo County Transit District is a public transit district organized and existing under the provisions of the SMCTD Act. SMCTD is the administrative body for the principal public transit and transportation programs in the County, including SamTrans bus service, Redi-Wheels paratransit service, and Caltrain commuter rail. Caltrain and the Authority have contracted with the SMCTD to serve as their managing agency. SMCTD staff serve as staff for the Authority.

**Remarketing Agents**

BofA Securities, Inc. is serving as the initial sole remarketing agent for the 2020 Series A Bonds (the “2020 Series A Remarketing Agent”) pursuant to a Remarketing Agreement, dated as of July 1, 2020 (the “2020 Series A Remarketing Agreement”) and J.P. Morgan Securities LLC is serving as the initial sole remarketing agent for the 2020 Series B Bonds (the “2020 Series B Remarketing Agent” and, together with the 2020 Series A Remarketing Agent, the “Remarketing Agents”) pursuant to a Remarketing Agreement, dated as of July 1, 2020 (the “2020 Series B Remarketing Agreement” and, together with the 2020 Series A Remarketing Agreement, the “Remarketing Agreements”). See “DESCRIPTION OF THE 2020 BONDS - Special Considerations Relating to the Bonds.”

Each Remarketing Agent undertakes, among other things, to use its best efforts to remarket the applicable Series of 2020 Bonds that are tendered for purchase. The Authority or the applicable Remarketing Agent may terminate such Remarketing Agreement under the circumstances and in the manner described in the applicable Remarketing Agreement, in which case the Authority expects to appoint a replacement remarketing agent in accordance with the Indenture.

The Remarketing Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Remarketing Agents and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority. Certain of the Remarketing Agents or their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such securities and instruments.

## Related Parties

The Bank of America, N.A., the initial Credit Provider for the 2020 Bonds, is an affiliate of BofA Securities, Inc., an underwriter for the 2020 Bonds and the 2020 Series A Remarketing Agent. Bank of America, N.A. and BofA Securities, Inc. are both subsidiaries of Bank of America Corporation.

## FINANCING PLAN

The Authority will apply the proceeds of the 2020 Bonds to: (i) finance Costs of the Project, as defined below, (ii) fund estimated interest with respect to the 2020 Bonds through approximately \_\_\_\_\_, 2023, and (iii) pay the costs of issuing the 2020 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

A portion of the proceeds of the 2020 Bonds will be loaned to the San Mateo County Express Lanes Joint Powers Authority (“SMCELJPA”) to fund a portion of the cost of equipping and installing approximately 22 miles of managed lanes in both directions on US 101 between the San Mateo/Santa Clara County line (to the south) and Interstate 380 (to the north) (the “Project”). Generally, the Project consists of a single High Occupancy Toll lane in each direction. Specifically, the Project will convert the existing HOV lane between Palo Alto (Matadero Creek) and Redwood City (Whipple Avenue) to a managed lane (“Southern Segment”) and add a new managed lane between Redwood City (Whipple Avenue) and Interstate 380 (“Northern Segment”). The overall cost of the Project is currently estimated at approximately \$580 million. Other funding sources include Regional Measure 3 bridge tolls, a variety of State grants, local funds and Federal and private sector funds.

The Project will be owned, administered and operated by SMCELJPA, which was formed on June 1, 2019. SMCELJPA consists of two members: the Authority and the City/County Association of Governments of San Mateo County (“C/CAG”). Concurrently with the issuance of the 2020 Bonds, the Authority and SMCELJPA will enter into a loan agreement, dated as of July 1, 2020 (the “Toll Loan Agreement”), which provides for SMCELJPA to secure its obligation to repay the Authority for its loan of the proceeds of the 2020 Bonds with a pledge of toll revenues from the Project. **Payments received by the Authority under the Toll Loan Agreement are not a source of payment or security for the 2020 Bonds.** Construction of the Project will be managed and overseen by Caltrans. Once construction is completed, the Bay Area Infrastructure Financing Authority (“BAIFA”), a joint powers authority formed by the Metropolitan Transportation Commission (“MTC”) and the Bay Area Toll Authority (“BATA”), will operate the Project on behalf of SMCELJPA and collect revenues.

The environmental work on the Project was completed in October 2018 with a final Environmental Impact Report / Environmental Assessment. Civil construction on the Southern Segment of the Project commenced in March 2019 and the construction on the Northern Segment commenced in January 2020. SMCELJPA expects to open the express lanes for the Southern Segment in June 2021 and for the Northern Segment in October 2022.

## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of proceeds of the 2020 Bonds are shown below:

	2020 Series A Bonds	2020 Series B Bonds	Total
<b>Estimated Sources of Funds:</b>			
Principal Amount	\$	\$	\$
Total	\$	\$	\$
<b>Estimated Uses of Funds:</b>			
Project Loan	\$	\$	\$
Deposit to Subordinate Interest Fund <sup>(1)</sup>			
Costs of Issuance <sup>(2)</sup>			
Total	\$	\$	\$

<sup>(1)</sup> Represents estimated interest with respect to the 2020 Bonds through approximately \_\_\_\_, 2023.

<sup>(2)</sup> Includes underwriters' discount, rating agency, municipal advisory, legal and Trustee fees, printing costs and other miscellaneous expenses.

## DESCRIPTION OF THE 2020 BONDS

### General

The 2020 Bonds are being issued by the Authority pursuant to the Indenture, the Transportation Authority Act and the SMCTD Act. The 2020 Bonds will be dated their date of delivery and will mature on June 1, 2049. Initially the 2020 Series A Bonds will be issued in the Weekly Rate Period and the 2020 Series B Bonds will be issued in the Daily Rate Period, until either Series is Converted (as described herein). **The Official Statement only describes terms of the 2020 Bonds while bearing interest in a Daily Rate Period or a Weekly Rate Period. There are significant differences in the terms of the 2020 Bonds after conversion to an Interest Rate Period other than in a Daily Rate Period or a Weekly Rate Period.**

The Authority will issue the 2020 Bonds as fully registered bonds in Authorized Denominations. "Authorized Denominations" means, with respect to 2020 Bonds during a Daily Rate Period or Weekly Rate Period, \$100,000 and any integral multiple of \$5,000 in excess thereof. The Authority will pay interest on the 2020 Bonds in the Daily Rate Period or the Weekly Rate Period until Conversion on each June 1 and December 1, commencing on December 1, 2020 (each an "Interest Payment Date"). Interest will be computed on the basis of a 365/366-day year and actual days elapsed during any Daily Rate Period or Weekly Rate Period.

The 2020 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2020 Bonds. Investors may purchase 2020 Bonds in book-entry form only. Purchasers ("Beneficial Owners") of the 2020 Bonds will not receive physical certificates representing their ownership interest in the 2020 Bonds purchased. Payments of principal of and interest on the 2020 Bonds will be made to DTC, and DTC will distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the 2020 Bonds is the responsibility of DTC's Direct and Indirect Participants and not the Authority. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM."

## Interest Rate Determination Methods

**Daily Rate.** Initially, the 2020 Series B Bonds will be issued at a Daily Rate in a Daily Rate Period. Upon a successful Conversion of 2020 Series A Bonds to bear interest at the Daily Rate pursuant to the Indenture and until such 2020 Bonds are successfully converted to another Interest Rate Determination Method, such 2020 Bonds will bear interest at a Daily Rate. During each Daily Rate Period for 2020 Bonds, the Remarketing Agent for such Series will set a Daily Rate for such 2020 Bonds by 9:30 a.m., New York City time, on each Business Day, which Daily Rate will be the rate of interest which, if borne by such 2020 Bonds in the Daily Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such 2020 Bonds, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of such 2020 Bonds for which the Daily Rate is to be determined, be the lowest interest rate that would enable such Remarketing Agent to place such 2020 Bonds at a price equal to 100% of the aggregate principal amount of such 2020 Bonds (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set. “Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close, (iii) a day on which banking institutions or governmental offices in the State or the office of the Credit Provider or Liquidity Provider where draws on the Credit Support Instrument or the Liquidity Facility, as applicable, are to be presented are authorized or required to close, (iv) a day on which the Remarketing Agent is authorized or required to be closed, or (v) a day on which the New York Stock Exchange is closed.

**Weekly Rate.** Initially, the 2020 Series A Bonds will be issued at a Weekly Rate in a Weekly Rate Period. Upon a successful Conversion of 2020 Series B Bonds to bear interest at the Weekly Rate pursuant to the Indenture and until such 2020 Bonds are successfully converted to another Interest Rate Determination Method, such 2020 Bonds will bear interest at a Weekly Rate. During each Weekly Rate Period, the Remarketing Agent for such Series will set a Weekly Rate for such 2020 Bonds, by 5:00 p.m., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week; provided, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate will be set by such Remarketing Agent on the Business Day immediately preceding such Conversion Date. Each Weekly Rate will be the rate of interest that, if borne by such 2020 Bonds in the Weekly Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such 2020 Bonds for which the Weekly Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the 2020 Bonds for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place such 2020 Bonds at a price equal to 100% of the aggregate principal amount of such 2020 Bonds (plus accrued interest, if any) on the first day of such Weekly Rate Period.

**Fixed Rate.** The Interest Rate Determination Method for any Series of 2020 Bonds may be converted from any Variable Rate to a Fixed Rate in accordance with the provisions of the Indenture. After such Conversion, such 2020 Bonds will bear interest at the Fixed Rate and will not be subject to Conversion to another Interest Rate Determination Method. The interest rate to be borne by such 2020 Bonds of each maturity from the Fixed Rate Conversion Date will be the rate determined by the applicable Remarketing Agent on the Fixed Rate Computation Date to be the rate that, if borne by such 2020 Bonds, would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for Tax-Exempt Securities that are comparable to such 2020 Bonds, be the lowest interest rate that would enable such Remarketing Agent to place such 2020 Bonds of such maturity for which the Fixed Rate is to be determined at a price equal to 100% of the aggregate principal amount of such 2020 Bonds on the Fixed Rate Conversion Date.



***Failure to Determine Rate.*** If, for any reason, the Daily Rate or the Weekly Rate on any 2020 Bond is not established as provided in the Indenture by the Remarketing Agent or no Remarketing Agent is serving as such under the Indenture for such 2020 Bonds or any Rate so established is held to be invalid or unenforceable with respect to any such Rate Period, then the interest rate for such Rate Period will be 100% of the applicable Rate Index on the date such Daily Rate or Weekly Rate was (or would have been) determined as provided in the Indenture. If no Remarketing Agent is then serving under the Indenture with respect to any Series of 2020 Bonds (other than 2020 Bonds in a Fixed Rate Period), the determination of the applicable Rate Index will be made by the Trustee at the direction of the Authority. The determination of any Rate or Rate Index by a Remarketing Agent or, as aforesaid, the Trustee, at the direction of the Authority, with respect to any 2020 Bond, will be conclusive and binding upon the Authority, the Trustee, the Remarketing Agent, each 2020 Credit Provider and the Holder of such 2020 Bond.

***Notice of Rates.*** In a timely fashion following the determination of any Rate, the Remarketing Agent establishing such Rate will give written notice or notice by Electronic Means thereof to the Authority and the Trustee. Such notice will also include details as to the principal amount of the 2020 Bonds and the Interest Rate Determination Method at the time applicable. Promptly upon receipt of notice from a Remarketing Agent of any Fixed Rate, the Trustee will give the Holder of each 2020 Bond being converted to a Fixed Rate notice of the Fixed Rate.

## **Conversion**

***General.*** Upon satisfaction of conditions set forth in the Indenture, the 2020 Bonds of any Series may be changed at the election of the Authority to bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate), provided however, that all 2020 Bonds of the same Series must have the same Interest Rate Determination Method and (except for any Credit Support Instrument Bonds and 2020 Bonds bearing interest at a Commercial Paper Rate or, in certain circumstances, at a Fixed Rate) will bear interest at the same interest rate. **The Official Statement only describes terms of the 2020 Bonds while bearing interest in a Daily Rate Period or a Weekly Rate Period. There are significant differences in the terms of the 2020 Bonds after conversion to an Interest Rate Period other than in a Daily Rate Period or a Weekly Rate Period.**

***Conversion of Interest Rate Determination Method.*** The Interest Rate Determination Method for any Series of Outstanding 2020 Bonds is subject to Conversion from time to time by the Authority, with such right to be exercised by delivery of a written notice of an Authorized Representative (each such notice being a “Conversion Notice”) to the Notice Parties as follows: (1) at least four (4) Business Days prior to the fifteenth (15th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period; and (2) at least five (5) Business Days prior to the fifteenth (15th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Term Rate or a Fixed Rate. Each Authorized Representative is hereby authorized to execute and deliver a Conversion Notice to change the Interest Rate Determination Method at such time or times as the officer executing the Conversion Notice determines to be in the best interests of the Authority, such determination to be conclusively evidenced by such execution.

The Conversion Notice must be accompanied by (i) a Favorable Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of such 2020 Bonds to be converted, and (ii) a notice of the new Credit Provider or Liquidity Provider, if applicable, and the new Credit Support Instrument or Liquidity Facility, if at the same time as such 2020 Bonds are being converted there will be a change of 2020 Credit Provider or Credit Support Instrument or the Authority enters into an agreement with a Credit Provider to provide Liquidity Facility with respect to such 2020 Bonds.

If the Authority obtains a Favorable Opinion of Bond Counsel with respect to such actions: (i) in determining, the Fixed Rate for any 2020 Bond, the applicable Remarketing Agent, subject to the approval of an Authorized Representative, may also determine on or before the Business Day next preceding the determination of the Fixed Rate for such 2020 Bonds, redemption dates and redemption premiums, if any, to be paid upon the optional redemption of such 2020 Bonds which differ from such redemption dates and premiums as are set forth in the Indenture, such redemption dates and redemption premiums, if any, to be, in the best judgment of the Remarketing Agent, consistent with then-current market conditions; and (ii) the Remarketing Agent, subject to the approval of an Authorized Representative, may also determine, on or before the Business Day next preceding the determination of the Fixed Rate for such 2020 Bonds, with respect to any 2020 Bond constituting a Term Bond, a new maturity date for any portion of such 2020 Bond; provided, however, that such new maturity date will be a June 1 prior to the original maturity date; and provided further that such 2020 Bond will continue to be subject to mandatory redemption from Mandatory Sinking Account Payments established for such 2020 Bond unless, on any Mandatory Sinking Account Payment due date for such 2020 Bond, such Mandatory Sinking Account Payment is applied to the payment of that portion of such 2020 Bond which now matures on such Mandatory Sinking Account Payment due date.

### **Special Considerations Relating to the Bonds**

***The Remarketing Agents are Paid by the Authority.*** The responsibilities of the Remarketing Agents include determining the interest rate from time to time and remarketing the respective Series of 2020 Bonds that are tendered by the owners thereof for optional or mandatory purchase (subject, in each case, to the terms of the applicable Remarketing Agreement), all as further described herein. Each Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agents may differ from those of existing owners and potential purchasers of the 2020 Bonds.

***Remarketing Agents Routinely Purchase 2020 Bonds for their Own Account.*** The Remarketing Agents act as remarketing agents for a variety of variable rate demand obligations in addition to the 2020 Bonds for which they serve as remarketing agent and, in their sole discretion, routinely purchase such obligations for their own account. A Remarketing Agent is permitted, but not obligated, to purchase tendered 2020 Bonds for its own account and, in its sole discretion, routinely acquire such tendered bonds to achieve a successful remarketing of the 2020 Bonds (e.g., because there otherwise are not enough buyers to purchase the 2020 Bonds) or for other reasons. However, no Remarketing Agent is obligated to purchase 2020 Bonds, and may cease purchasing 2020 Bonds at any time without notice. If such Remarketing Agent ceases to purchase 2020 Bonds, it may be necessary for the Trustee to draw on the Letter of Credit. A Remarketing Agent may also make a market in the 2020 Bonds by routinely purchasing and selling 2020 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales must be at fair market value, which may be at or below par. However, no Remarketing Agent is required to make a market in any 2020 Bonds. A Remarketing Agent may also sell any 2020 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2020 Bonds. The purchase of 2020 Bonds by a Remarketing Agent may create the appearance that there is greater third party demand for the 2020 Bonds in the market than is actually the case. The practices described above also may result in fewer 2020 Bonds being tendered in a remarketing.

***2020 Bonds May Be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.*** Pursuant to each Remarketing Agreement, a Remarketing Agent is required to determine the minimum rate of interest which, in its opinion, under then-existing market conditions, would result in the sale of the 2020 Bonds at a price equal to 100% of the principal amount thereof on the and as of such date of determination of interest. At the time a new interest rate becomes effective, such Remarketing Agent is required to use its best efforts to remarket the 2020 Bonds at par. Each interest rate will reflect, among other factors, the level of market demand for the 2020 Bonds (including whether the applicable Remarketing Agent is willing to purchase 2020 Bonds for its own account). There may or may

not be 2020 Bonds tendered and remarketed on such date of determination, such Remarketing Agent may or may not be able to remarket any 2020 Bonds tendered for purchase on such date at par and such Remarketing Agent may sell 2020 Bonds at varying prices to different investors on such date or any other date. A Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2020 Bonds at the remarketing price. If such Remarketing Agent owns any 2020 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such 2020 Bonds on any date, including the date of determination, at a discount to par to some investors.

***The Ability to Sell 2020 Bonds Other Than Through Tender Process May Be Limited.*** A Remarketing Agent may buy and sell 2020 Bonds other than through the tender process. However, a Remarketing Agent is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to sell their 2020 Bonds to instead tender their 2020 Bonds through the Trustee with appropriate notice. Thus, investors who purchase the 2020 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2020 Bonds other than by tendering the 2020 Bonds in accordance with the tender process.

***Under Certain Circumstances, a Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2020 Bonds, without a Successor Being Named.*** Under certain circumstances, a Remarketing Agent may be removed, may resign or may cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

### **Redemption Terms for 2020 Bonds**

***Optional Redemption.*** The 2020 Bonds bearing interest at a Daily Rate or a Weekly Rate are subject to redemption, at the option of the Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium.

***Selection of Bonds for Optional Redemption.*** The Authority will designate which maturities of any Series of 2020 Bonds are to be called for optional redemption pursuant to the Indenture, provided that Credit Support Instrument Bonds of such Series will be redeemed prior to any other 2020 Bonds of such Series. If less than all 2020 Bonds of any Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee will select the 2020 Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and will promptly notify the Authority in writing of the numbers of the 2020 Bonds so selected for redemption. For purposes of such selection, 2020 Bonds of each Series will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Term Bonds are designated for redemption, the Authority may designate the Mandatory Sinking Account Payments, or portions thereof, that are to be reduced as allocated to such redemption.

***Sufficient Funds Required for Optional Redemption.*** Any optional redemption of 2020 Bonds and notice thereof may be conditional and rescinded and cancelled if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2020 Bonds called for redemption.

***Mandatory Redemption of 2020 Bonds.*** Except as otherwise provided in the Indenture with respect to \_\_\_\_\_, the 2020 Bonds are subject to mandatory redemption from Mandatory Sinking Account Payments, on each date a Mandatory Sinking Account Payment is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for 2020 Series A Bonds will be due in such amounts and on such dates as follows:

<b>2020 Series A Bonds</b>			
Redemption Date (June 1)	Mandatory Sinking Account Payment	Redemption Date (June 1)	Mandatory Sinking Account Payment

Mandatory Sinking Account Payments for 2020 Series B Bonds that are Term Bonds will be due in such amounts and on such dates as follows:

<b>2020 Series B Bonds</b>			
Redemption Date (June 1)	Mandatory Sinking Account Payment	Redemption Date (June 1)	Mandatory Sinking Account Payment

***Selection of Bonds for Mandatory Sinking Account Redemption.*** If less than all 2020 Bonds of any Series maturing by their terms on any one date are to be redeemed at any one time with Mandatory Sinking Account Payments, the Trustee will select the 2020 Bonds of such maturity date to be redeemed by lot in any manner that it deems appropriate, provided that Credit Support Instrument Bonds of such Series will be redeemed prior to any other 2020 Bonds of such Series, and the Trustee will promptly notify the Authority in writing of the numbers of the 2020 Bonds so selected for redemption. For purposes of such selection, 2020 Bonds of each Series will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

***Purchase In Lieu of Redemption.*** The Authority reserves the right at all times to purchase any of its 2020 Bonds on the open market. In lieu of mandatory redemption, the Authority may surrender to the Trustee for cancellation 2020 Bonds purchased on the open market, and such 2020 Bonds will be cancelled by the Trustee. If any 2020 Bonds are so cancelled, the Authority may designate the Mandatory Sinking Account Payments or portions thereof within such Series of the 2020 Bonds so purchased that are to be reduced as a result of such cancellation.

### **General Redemption Provisions**

***Notice of Redemption.*** Unless otherwise specified in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, each notice of redemption will be mailed by the Trustee, not less than ten (10) nor more than ninety (90) days prior to the redemption date, to each Holder and each of the Repositories. A copy of such notice will also be provided to each of the Notice Parties with respect to Series of Bonds to which such notice relates. Notice of redemption to the Holders, the Repositories and the applicable Notice Parties will be given by first class mail. Each notice of redemption will state the date of such notice, the date of issue of the Series of Bonds to which such notice relates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity, if any, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal

amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Authority nor the Trustee will have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee will be liable for any inaccuracy in such CUSIP numbers. Failure by the Trustee to give notice to any Notice Party or any one or more of the Repositories or failure of any Holder, any Notice Party or any Repository to receive notice or any defect in any such notice will not affect the sufficiency or validity of the proceedings for redemption.

***Conditional Notice of Redemption; Rescission.*** With respect to any notice of optional redemption of Bonds delivered pursuant to the Master Indenture or any provision of any Supplemental Indenture, unless, upon the giving of such notice, such Bonds will be deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts will not have been so received said notice will be of no force and effect and the Authority will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given.

Any notice given pursuant to the Indenture may be rescinded by written notice given to the Trustee by the Authority and the Trustee will give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to the Indenture.

***Partial Redemption of Bonds.*** Upon surrender of any Bond redeemed in part only, the Authority will execute (but need not prepare) and the Trustee will authenticate and deliver to the Holder thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations, and of the same Series, maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

***Effect of Redemption.*** Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture and the Holders of said Bonds will have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment and such funds are hereby pledged to such payment. All Bonds redeemed pursuant to the provisions of this Article will be canceled upon surrender thereof.

#### **Holder's Option to Tender 2020 Bonds for Purchase**

(a) During any Daily Rate Period, any 2020 Bond or (subject to subsection (c) below) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price,

payable in immediately available funds, upon (A) delivery by the Holder or Beneficial Owner of such 2020 Bond to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written notice or notice by Electronic Means by 10:30 a.m. (New York City time) on the Purchase Date, which states the principal amount of such 2020 Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such 2020 Bond to the Trustee on the Purchase Date.

(b) During any Weekly Rate Period, any 2020 Bond or (subject to subsection (c) below) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in accordance with the provisions of the Indenture relating to application of moneys in the 2020 Bonds Purchase Fund in immediately available funds, upon (A) delivery by the Holder or Beneficial Owner of such 2020 Bond to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written notice or notice by Electronic Means by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such 2020 Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such 2020 Bond to the Trustee on the Purchase Date.

(c) If any 2020 Bond is to be purchased in part pursuant to (a) or (b) above, the amount so purchased and the amount not so purchased must each be an Authorized Denomination.

(d) Any instrument delivered to the Trustee will be irrevocable with respect to the purchase for which such instrument was delivered and will be binding upon the Securities Depository and any subsequent Holder or Beneficial Owner of the 2020 Bond to which it relates, including any 2020 Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such instrument, the Holder or Beneficial Owner of the 2020 Bonds specified therein will not have any right to optionally tender for purchase such 2020 Bonds prior to the date of purchase specified in such notice. The Authority, the Remarketing Agent and the Trustee may conclusively assume that any person (other than a Holder) providing notice of optional tender pursuant to subsection (a) or subsection (b) above is the Beneficial Owner of the 2020 Bond to which such notice relates, and none of the Authority, the Remarketing Agent or the Trustee will assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of 2020 Bonds.

### **Mandatory Tender of 2020 Bonds for Purchase**

The 2020 Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price, at the following times and upon the occurrence of any of the events stated below:

(1) with respect to any Series of 2020 Bonds, on the Conversion Date for such 2020 Bonds to a new Interest Rate Determination Method specified in a Conversion Notice (whether or not the proposed Conversion becomes effective on such date, unless converting from an Index Rate Period or a Term Rate Period for which there is no Credit Facility and the proposed Conversion does not occur, in which case the mandatory tender will be cancelled);

(2) with respect to 2020 Bonds bearing interest at a Daily Rate or a Weekly Rate: (A) on the fifth (5th) Business Day preceding (i) the scheduled Expiration of a Credit Support Instrument, (ii) the Termination of a Credit Support Instrument, at the election of the Authority as permitted by such Credit Support Instrument; (B) on the date of the provision of an Alternate Credit Support Instrument for such 2020 Bonds and the resultant Termination of the existing Credit Support Instrument; provided, however, that, notwithstanding any other provision of the Indenture to the contrary, no mandatory tender for purchase will be required pursuant to this subsection if a Rating Confirmation will be delivered by each Rating Agency then rating the Series of 2020 Bonds with respect to which an Alternate Credit Support Instrument is being provided pursuant to the Indenture on the date of the provision of the Alternate Credit Support Instrument and the resultant Termination of the existing Credit Support Instrument;

(3) with respect to 2020 Bonds bearing interest at a Daily Rate or a Weekly Rate, upon receipt by the Trustee of written notice from the 2020 Credit Provider for any such 2020 Bonds that an

event of default or an event of termination (other than an immediate termination or suspension) has occurred under the related Credit Support Instrument with the effect that the obligations of such 2020 Credit Provider to purchase such 2020 Bonds or otherwise provide for the Purchase Price of such 2020 Bonds under such Credit Support Instrument will terminate on the date specified in such notice, in which event such 2020 Bonds will be subject to purchase on a Business Day selected by the Trustee which date will be not more than five (5) Business Days after receipt of such notice, but in no event later than the Business Day preceding the termination date specified in the notice received from such 2020 Credit Provider;

(4) the 2020 Bonds are subject to mandatory tender on the fifth Business Day prior to the date at least five (5) days prior to the date on which the Credit Support Instrument is scheduled to expire or terminate in accordance with its terms and if the Trustee has not received notice at least forty (40) days prior to such date that an extension of such expiration or termination date or that an Alternate Credit Support Instrument is to be provided. Not less than thirty days before each such Mandatory Tender Date, the Trustee shall send a notice to all Owners by first class mail, postage prepaid, which notice shall contain the following information: (i) that the Credit Support Instrument is scheduled to expire or terminate and no Alternate Credit Support Instrument will be provided, (ii) that each Owner's 2020 Bond is subject to mandatory tender as provided in such notice, and (iii) if any of the nationally recognized rating agencies which has a credit rating outstanding on the 2020 Bonds has indicated to the Trustee in writing that it will lower or withdraw its rating on the 2020 Bonds as of such Mandatory Tender Date, notice of such new rating, or if no new rating is available, notice that any of such rating agencies may lower or withdraw such rating as of such Mandatory Tender Date; and

(5) the 2020 Bonds are subject to mandatory tender on the fifth Business Day following receipt by the Trustee of notice from the 2020 Credit Provider of the occurrence of an event of default under the Reimbursement Agreement or that the 2020 Credit Provider will not reinstate the interest portion of the Credit Support Instrument, and in each case directing the mandatory tender of the 2020 Bonds. Not later than the third Business Day after receipt by the Trustee of such notice, the Trustee shall send to all Owners by first class mail, postage prepaid, and to the Depository, a notice which shall contain the following information: (1) that the 2020 Credit Provider has declared an event of default under the 2020 Reimbursement Agreement or that the 2020 Credit Provider will not reinstate the interest portion of the Credit Support Instrument, and in each case directing the mandatory tender of the 2020 Bonds, and (2) that each Owner's 2020 Bond is subject to mandatory tender on the fifth Business Day following receipt by the Trustee of such notice from the 2020 Credit Provider.

### **Mandatory Tender for Purchase of 2020 Bonds at Direction of Authority**

In addition to the provisions relating to the mandatory tender for purchase of 2020 Bonds described above, the 2020 Bonds, or any of them, will be subject to mandatory tender for purchase by the Authority, in whole or in part (such that the portion that is subject to mandatory tender for purchase and the portion not subject to such mandatory tender will each be in an Authorized Denomination), at the applicable Optional Purchase Price on each Optional Purchase Date. In the event that the Authority determines to purchase any 2020 Bonds on any Optional Purchase Date, the Authority will provide the Trustee with written notice of such determination at least fifteen (15) days prior to the Optional Purchase Date, which notice will specify the Series of 2020 Bonds and the principal amount of such 2020 Bonds of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Trustee will receive notice from the Authority of its determination to purchase 2020 Bonds, the Trustee will give notice, in the name of the Authority, of the mandatory tender for purchase of such 2020 Bonds, which notice will be mailed, by first class mail, postage prepaid, not more than ninety (90) nor less than ten (10) days before the Optional Purchase Date to the Holders of any 2020 Bonds or portions of 2020 Bonds to be purchased at their addresses appearing in the bond registration books maintained by the Trustee, with a copy to the Notice Parties. Such notice will specify the Series of 2020

Bonds and the maturities of such 2020 Bonds to be purchased, the Optional Purchase Date, the Optional Purchase Price and the place or places where the Optional Purchase Price due upon such tender for purchase will be payable and, if less than all of the 2020 Bonds of any Series and like maturity are to be purchased, the letters and numbers or other distinguishing marks of such 2020 Bonds so to be purchased, and, in the case of 2020 Bonds to be purchased in part only, such notice will also specify the respective portions of the principal amount thereof to be purchased. Such notice will further state that on such Optional Purchase Date there will become due and payable upon each 2020 Bond to be purchased, the Optional Purchase Price thereof, or the Optional Purchase Price of the specified portions of the principal amount thereof to be purchased in the case of 2020 Bonds to be purchased in part only, and that from and after such Optional Purchase Date interest on such 2020 Bond for the benefit of the current Holder of such 2020 Bond or the portion of such 2020 Bond to be purchased will cease to accrue and be payable.

Receipt of such notice of mandatory tender for purchase will not be a condition precedent to the mandatory tender for purchase of the 2020 Bonds and failure of any Holder of a 2020 Bond to receive any such notice or any defect in such notice will not affect the validity of the proceedings for the mandatory tender for purchase of the 2020 Bonds pursuant to the Indenture.

If at the time the Trustee sends any notice of mandatory tender for purchase of the 2020 Bonds by the Authority, the Authority has not deposited with the Trustee an amount sufficient to pay the full Optional Purchase Price of the 2020 Bonds, or the portions thereof, to be purchased, such notice will state that such mandatory tender for purchase is conditional upon the receipt by the Trustee on or prior to the Optional Purchase Date fixed for such purchase of Available Moneys sufficient to pay the Optional Purchase Price of such 2020 Bonds, or the portions thereof to be purchased, and that if such Available Moneys will not have been so received said notice will be of no force and effect and the Authority will not be required to purchase such 2020 Bonds. In the event that such notice of mandatory tender for purchase contains such a condition and such Available Moneys are not so received, no purchase of the 2020 Bonds identified in the notice of mandatory tender for purchase will be made and the Trustee will, within a reasonable time thereafter, give notice, to the applicable Remarketing Agent and to the persons and in the manner in which the notice of tender was given, that such Available Moneys were not so received and that, there will be no purchase of 2020 Bonds pursuant to the notice of mandatory tender for purchase.

If less than all of the Outstanding 2020 Bonds of any Series are to be called for mandatory tender for purchase, the principal amount and maturity of such 2020 Bonds to be purchased will be selected by the Authority in its sole discretion. If less than all of any Series of 2020 Bonds of like maturity will be called for mandatory tender for purchase, except as otherwise provided by the Securities Depository, the particular 2020 Bonds or portions of 2020 Bonds to be purchased will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that in selecting portions of 2020 Bonds for purchase, the Trustee will treat each 2020 Bond of the same Series as representing that number of 2020 Bonds of the minimum Authorized Denomination for the 2020 Bonds which is obtained by dividing the principal amount of such 2020 Bond by the minimum Authorized Denomination for the 2020 Bonds.

***Delivery of Tendered 2020 Bonds.*** With respect to any 2020 Bond that is registered in book-entry form, delivery of such 2020 Bond to the Trustee in connection with any mandatory tender for purchase will be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such 2020 Bond or any Participant thereof to reflect the transfer of the beneficial ownership interest in such 2020 Bond to the account of the Trustee, on behalf of the Authority, or to the account of a Participant acting on behalf of the Authority. With respect to any 2020 Bond that is not registered in book-entry form, delivery of such 2020 Bond to the Trustee in connection with any mandatory tender for such 2020 Bond will be effected by physical delivery of such 2020 Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Optional Purchase Date, as provided in the Indenture.



**2020 Bonds Deemed Purchased.** If moneys sufficient to pay the Optional Purchase Price of 2020 Bonds to be purchased by the Authority on an Optional Purchase Date will be held by the Trustee on such Optional Purchase Date, such 2020 Bonds will be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such 2020 Bonds will have been delivered to the Trustee or transferred on the books of the Securities Depository for the 2020 Bonds, and neither the former Holder or former Beneficial Owner of such 2020 Bonds nor any other person will have any claim thereunder, under the Indenture or otherwise, for any amount other than the Optional Purchase Price thereof.

**Payment of Optional Purchase Price of 2020 Bonds.** Available Moneys held by the Trustee for the payment of the Optional Purchase Price of 2020 Bonds subject to mandatory tender for purchase by the Authority will be applied at or before 3:00 p.m. (New York City time) on the Optional Purchase Date to the purchase of such 2020 Bonds. Except as otherwise provided with respect to 2020 Bonds that are registered in book-entry form, payment of the Optional Purchase Price of 2020 Bonds tendered for purchase by the Authority will be made only upon the surrender of such 2020 Bonds to the Trustee. Notwithstanding anything to the contrary in the Indenture, if the 2020 Bonds to be tendered for purchase are registered in book-entry form, payment of the Optional Purchase Price for tendered 2020 Bonds will be made in accordance with the rules and procedures of the Securities Depository.

The Trustee will, as to any 2020 Bonds that are not registered in book-entry form and that have not been delivered to it as required under the Indenture, place a stop transfer against an appropriate amount of 2020 Bonds registered in the name of the Holder of such 2020 Bonds on the bond registration books maintained by the Trustee. The Trustee will place and maintain such stop transfer commencing with the lowest serial number 2020 Bond registered in the name of such Holder until stop transfers have been placed against an appropriate amount of 2020 Bonds until the appropriate 2020 Bonds are delivered to the Trustee. Upon such delivery, the Trustee will make any necessary adjustments to such bond registration books.

**2020 Bonds Owned by Authority.** Any 2020 Bonds purchased by the Authority will not be cancelled by the Trustee unless such cancellation is directed by an Authorized Representative but will remain Outstanding for all purposes of the Indenture. The Authority covenants and agrees that it will not transfer or cause the transfer of any 2020 Bond purchased by the Authority unless the Authority delivers to the Trustee a Favorable Opinion of Bond Counsel with respect to such transfer. The Authority covenants and agrees that, in the event that at any time there are insufficient funds in the Revenue Fund, the Principal Fund, the Interest Fund or the Redemption Fund, as applicable, to pay the principal of and interest then due on the Outstanding 2020 Bonds, it will surrender or cause to be surrendered to the Trustee for cancellation any 2020 Bonds held by or on behalf of the Authority.

### **Issuance of Senior Bonds**

The Authority may by Supplemental Indenture establish one or more Series of Senior Bonds, payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with other Senior Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Senior Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Indenture and any additional requirements set forth in such Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Senior Bonds.

(A) No Event of Default shall have occurred and then be continuing.

(B) Subject to the provisions of the Indenture providing for the establishment, funding or application of a Senior Bonds Reserve Fund, in the event a Supplemental Indenture providing for the issuance of such Series shall require either (i) the establishment of a Senior Bond Reserve Fund to provide additional security for such Series of Senior Bonds or (ii) that the balance on deposit in an existing Senior Bond Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of

such Series, to an amount at least equal to the Senior Bond Reserve Requirement with respect to such Series of Senior Bonds and all other Senior Bonds secured by such Senior Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Senior Bonds, the Supplemental Indenture providing for the issuance of such additional Series of Senior Bonds shall require deposit of the amount necessary. Said deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Senior Bonds and may be made from the proceeds of the sale of such Series of Senior Bonds or from other funds of the Authority or from both such sources or may be made in the form of a Reserve Facility.

(C) The aggregate principal amount of Senior Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(D) [The Authority shall place on file with the Trustee a Certificate of the Authority certifying that (i) during the Dual Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Senior Bonds will become Outstanding shall have been at least equal to 2.0 times Maximum Annual Debt Service on all Series of Senior Bonds and Senior Obligations then Outstanding and the additional Series of Senior Bonds then proposed to be issued, and (ii) during the Singular Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Senior Bonds will become Outstanding multiplied by the Singular Factor shall have been at least equal to 2.0 times Maximum Annual Debt Service on all Series of Senior Bonds and Senior Obligations then Outstanding during such Singular Sales Tax Period and the additional Series of Senior Bonds then proposed to be issued which will be Outstanding during such Singular Sales Tax Period, which Certificate shall also set forth the computations upon which such Certificate is based.]

“Sales Tax Revenues (ABT Adjusted)” means, collectively, (i) the Measure A Sales Tax Revenues less 2% thereof for so long as the BART Three Party Agreement remains in full force and effect, and (ii) the Measure W Sales Tax Revenues less 20% thereof.

[“Singular Factor” means (i) if the Sales Tax Revenues consist solely of Measure A Sales Tax Revenues, [0.66], and (ii) if the Sales Tax Revenues consist solely of Measure W Sales Tax Revenues, [0.34].]

(E) Principal payments of each additional Series of Senior Bonds shall be due on June 1 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Senior Bond to be issued, and, if the interest on such Series of Senior Bonds is to be paid semiannually, such interest payments shall be due on June 1 and December 1 in each year to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Senior Bond to be issued.

Nothing in this Section or in the Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Senior Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of such additional Series of Senior Bonds or any portion thereof.

In the event additional assets or revenues are included within the definition of “Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided in subsection (D) above as if such additional assets or revenues had always been included in “Revenues.”

## **Issuance of Additional Subordinate Bonds**

The Authority may by Supplemental Indenture establish one or more additional Series of Subordinate Bonds, payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the 2020 Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Subordinate Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only, with respect to each additional Series of Subordinate Bonds issued subsequent to the 2020 Bonds issued hereunder, upon compliance by the Authority with the provisions of the Indenture and any additional requirements set forth in such Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Subordinate Bonds.

(A) No Event of Default shall have occurred and then be continuing.

(B) Subject to the provisions of the Indenture, in the event a Supplemental Indenture providing for the issuance of such Series shall require either (i) the establishment of a Subordinate Bond Reserve Fund to provide additional security for such Series of Subordinate Bonds or (ii) that the balance on deposit in an existing Subordinate Bond Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such Series, to an amount at least equal to the Subordinate Bond Reserve Requirement with respect to such Series of Subordinate Bonds and all other Subordinate Bonds secured by such Subordinate Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Subordinate Bonds, the Supplemental Indenture providing for the issuance of such additional Series of Subordinate Bonds shall require deposit of the amount necessary. Said deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Subordinate Bonds and may be made from the proceeds of the sale of such Series of Subordinate Bonds or from other funds of the Authority or from both such sources or may be made in the form of a Reserve Facility.

(C) The aggregate principal amount of Subordinate Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(D) The Authority shall place on file with the Trustee a Certificate of the Authority certifying that (i) during the Dual Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Subordinate Bonds will become Outstanding shall have been at least equal to 1.50 times Maximum Annual Debt Service on all Series of Bonds, Senior Obligations and Subordinate Obligations then outstanding and the additional Series of Subordinate Bonds then proposed to be issued and (ii) during the Singular Sales Tax Period, the amount of Sales Tax Revenues (ABT Adjusted) collected during any 12 consecutive calendar months specified by the Authority within the most recent 18 calendar months immediately preceding the date on which such additional Series of Subordinate Bonds will become Outstanding multiplied by the Singular Factor shall have been at least equal to 1.50 times Maximum Annual Debt Service on all Series of Bonds, Senior Obligations and Subordinate Obligations outstanding during such Singular Sales Tax Period and the additional Series of Subordinate Bonds then proposed to be issued which will be Outstanding during such Singular Sales Tax Period, which Certificate shall also set forth the computations upon which such Certificate is based.

(E) Principal payments of each additional Series of Subordinate Bonds shall be due on June 1 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Subordinate Bond to be issued, and, if the interest on such Series of Subordinate Bonds is to be paid semiannually, such interest payments shall be due on June 1 and December 1 in each year to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Subordinate Bond to be issued.

Nothing in this Section or in the Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Subordinate Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of such additional Series of Subordinate Bonds or any portion thereof.

In the event additional assets or revenues are included within the definition of “Revenues” by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided in subsection (D) above as if such additional assets or revenues had always been included in “Revenues.”

## **SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS**

### **Pledge of Sales Tax Revenues**

The Bonds are limited obligations of the Authority and are payable as to principal and interest exclusively from Revenues, consisting of Sales Tax Revenues and Swap Revenues, and from all amounts, including proceeds of the Bonds, held in the funds and accounts established under the Indenture (other than amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund established for Bonds subject to purchase), subject to certain provisions of the Indenture. The pledge will constitute a lien on and security interest in such collateral which will immediately attach to the collateral and be effective, binding and enforceable against the Authority and all others asserting the rights therein, to the extent set forth, and in accordance with, the Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act.

### **Collection of Sales Tax Revenues**

The Authority covenants and agrees in the Indenture that it has duly levied the Measure A Sales Tax in accordance with the Transportation Authority Act, pursuant to and in accordance with the Measure A Sales Tax Extension Ordinance, duly passed and adopted by the Authority. Such Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding in any manner which would reduce the amount of or timing of receipt of Measure A Sales Tax Revenues, and the Authority will continue to levy and collect such retail transactions and use tax to the full amount permitted by law. The Authority further covenants that it has entered into an agreement with the CDTFA under and pursuant to which the CDTFA will process and supervise collection of said retail transactions and use tax and will transmit Measure A Sales Tax Revenues directly to the Trustee. Such agreement will be continued in effect so long as any Bonds are Outstanding and shall not be amended, modified or altered without the written consent of the Trustee so long as any of the Bonds are Outstanding.

The Authority further covenants and agrees in the Indenture that it has entered into the [Measure W Sales Tax Transfer Agreement], and shall diligently exercise all rights and remedies against the District for any failure of the District to comply with its obligations thereunder. The Authority covenants that so long as the Bonds are Outstanding, it will not agree to or permit any amendment or modification of the [Measure W Sales Tax Transfer Agreement] which would materially and adversely affect the rights of Bondholders.

### **Revenue Fund; Allocation of Sales Tax Revenues**

So long as any Bonds are Outstanding and Senior Obligations, Subordinate Obligations, and all other amounts payable under the Indenture remain unpaid, the Trustee will set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee will establish, maintain and hold in trust for the benefit of the Holders of the Bonds and, as and to the extent applicable, the holders of Senior Obligations and Subordinate Obligations) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues

sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Senior Obligations or Subordinate Obligations, as the case may be, as provided in the proceedings for such Senior Obligations and Subordinate Obligations delivered to the Trustee (which will be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Senior Obligations or Subordinate Obligations):

(1) Senior Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee will set aside in the Senior Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Senior Bonds that are Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which will be governed by subparagraph (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Senior Interest Fund from the proceeds of any Series of Senior Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such Senior Bonds that are Outstanding Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which will be governed by subparagraph (b) below) is on deposit in such fund; provided that from the date of delivery of a Series of Senior Bonds that are Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds will be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Senior Bonds that are Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Authority, or if the Authority will not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%) (provided, however, that the amount of such deposit into the Senior Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Senior Interest Fund for any month will be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Senior Bonds that are Variable Rate Indebtedness). No deposit need be made into the Senior Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Senior Bonds issued hereunder and then Outstanding and on June 1 and December 1 of each year any excess amounts in the Senior Interest Fund not needed to pay interest on such date (and not held to pay interest on Senior Bonds having Interest Payment Dates other than June 1 and December 1) will be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Senior Interest Fund from the proceeds of any Series of Senior Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates). All Swap Revenues received with respect to the Interest Rate Swap Agreements that are Senior Obligations will be deposited in the Senior Interest Fund and credited to the above-required deposits.

(2) Senior Principal Fund: Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee will deposit in the Senior Principal Fund as soon as practicable in such month an amount equal to at least (a) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Senior Bonds that are Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (b) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid

during the next 12-month period into the respective Sinking Accounts for the Senior Bonds that are Term Bonds of all Series for which Sinking Accounts will have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Senior Bond Reserve Fund that would be in excess of the Senior Bond Reserve Requirement applicable to such Senior Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments will be made without priority of any payment into any one such Sinking Account over any other such payment.

In the event that the Sales Tax Revenues will not be sufficient to make the required deposits so that moneys in the Senior Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Senior Bonds that are Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Senior Bonds that are Term Bonds required to be redeemed or paid at maturity on such date, then such moneys will be applied on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds will bear to each other, after first deducting for such purposes from said Term Bonds any of said Term Bonds required to be redeemed annually as will have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually as will have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that the Sales Tax Revenues will not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts will be made on a Proportionate Basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit need be made into the Senior Principal Fund so long as there will be in such fund (i) moneys sufficient to pay the Bond Obligations of all Senior Bonds that are Serial Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Senior Principal Fund during such 12-month period and theretofore paid from the Senior Principal Fund to redeem or purchase Senior Bonds that are Term Bonds during such 12-month period; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Senior Bond Reserve Fund that would be in excess of the Senior Bond Reserve Requirement applicable to such Senior Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than June 1 of each year, the Trustee will request from the Authority a Certificate of the Authority setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On June 1 of each year or as soon as practicable thereafter any excess amounts in the Senior Principal Fund not needed to pay principal on such date (and not held to pay principal on Senior Bonds having principal payment dates other than June 1) will be transferred to the Authority.

(3) Senior Bond Reserve Fund. Upon the occurrence of any deficiency in any Senior Bond Reserve Fund, the Trustee will make such deposit to such Senior Bond Reserve Fund as is required pursuant to the Indenture, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement. No Senior Bond Reserve Fund has been funded by the Authority.

(4) Subordinate Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee will set aside in the Subordinate Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Subordinate Bonds that are Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which will be governed by subparagraph (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Subordinate Interest Fund from the proceeds of any Series of Subordinate Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such Subordinate Bonds that are Outstanding Current Interest Bonds (except for such Bonds constituting Variable Rate Indebtedness which will be governed by subparagraph (b) below) is on deposit in such fund; provided that from the date of delivery of a Series of Subordinate Bonds that are Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds will be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Subordinate Bonds that are Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Authority, or if the Authority will not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%) (provided, however, that the amount of such deposit into the Subordinate Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Subordinate Interest Fund for any month will be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Subordinate Bonds that are Variable Rate Indebtedness). No deposit need be made into the Subordinate Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Subordinate Bonds issued hereunder and then Outstanding and on June 1 and December 1 of each year any excess amounts in the Subordinate Interest Fund not needed to pay interest on such date (and not held to pay interest on Subordinate Bonds having Interest Payment Dates other than June 1 and December 1) will be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Subordinate Interest Fund from the proceeds of any Series of Subordinate Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates). All Swap Revenues received with respect to the Interest Rate Swap Agreements that are Subordinate Obligations will be deposited in the Subordinate Interest Fund and credited to the above-required deposits.

(5) Subordinate Principal Fund: Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee will deposit in the Subordinate Principal Fund as soon as practicable in such month an amount equal to at least (a) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Subordinate Bonds that are Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (b) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Subordinate Bonds that are Term Bonds of all Series for which Sinking Accounts will have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Subordinate Bond Reserve Fund that would be in excess of the Subordinate Bond Reserve Requirement applicable to such Subordinate Bond Reserve Fund upon such payment,

no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments will be made without priority of any payment into any one such Sinking Account over any other such payment.

In the event that the Sales Tax Revenues will not be sufficient to make the required deposits so that moneys in the Subordinate Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Subordinate Bonds that are Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Subordinate Bonds that are Term Bonds required to be redeemed or paid at maturity on such date, then such moneys will be applied on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds will bear to each other, after first deducting for such purposes from said Term Bonds any of said Term Bonds required to be redeemed annually as will have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually as will have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that the Sales Tax Revenues will not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts will be made on a Proportionate Basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit need be made into the Subordinate Principal Fund so long as there will be in such fund (i) moneys sufficient to pay the Bond Obligations of all Subordinate Bonds that are Serial Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Subordinate Principal Fund during such 12-month period and theretofore paid from the Subordinate Principal Fund to redeem or purchase Subordinate Bonds that are Term Bonds during such 12-month period; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Subordinate Bond Reserve Fund that would be in excess of the Subordinate Bond Reserve Requirement applicable to such Subordinate Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than June 1 of each year, the Trustee will request from the Authority a Certificate of the Authority setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On June 1 of each year or as soon as practicable thereafter any excess amounts in the Subordinate Principal Fund not needed to pay principal on such date (and not held to pay principal on Subordinate Bonds having principal payment dates other than June 1) will be transferred to the Authority.

(6) Subordinate Bond Reserve Fund. Upon the occurrence of any deficiency in any Subordinate Bond Reserve Fund, the Trustee will make such deposit to such Subordinate Bond Reserve Fund, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement. **No Subordinate Bond Reserve Fund has been funded by the Authority.**

(7) Fees and Expenses Fund. The Trustee will establish, maintain and hold in trust a separate fund designated as the "Fees and Expenses Fund." At the direction of the Authority, after the transfers described in (1), (2), (3), (4), (5) and (6) above have been made, the Trustee will deposit as soon as practicable in each month in the Fees and Expenses Fund (i) amounts



necessary for payment of fees, expenses and similar charges (including fees, expenses and similar charges relating to any Credit Facility or Liquidity Facility for the Bonds or any Senior Obligations) owing in such month or the following month by the Authority in connection with the Bonds or any Senior Obligations and (ii) amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by the Authority in connection with Subordinate Obligations. The Authority will inform the Trustee of such amounts, in writing, on or prior to the first Business Day of each month.

(B) Any Revenues remaining in the Revenue Fund after the foregoing transfers described in (1), (2), (3) (4), (5), (6) and (7) of subsection (A) above, except as the Authority will otherwise direct in writing or as is otherwise provided in a Supplemental Indenture, will be transferred to the Authority on the same Business Day or as soon as practicable thereafter. The Authority may use and apply the Revenues when received by it for any lawful purpose of the Authority, including the redemption of Bonds upon the terms and conditions set forth in the Supplemental Indenture relating to such Bonds and the purchase of Bonds as and when and at such prices as it may determine.

If five (5) days prior to any principal payment date, Interest Payment Date or mandatory redemption date the amounts on deposit in the Revenue Fund, the Senior Interest Fund, the Senior Principal Fund, including the Sinking Accounts therein, the Subordinate Interest Fund, the Subordinate Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, any Senior Bond Reserve Fund or Subordinate Bond Reserve Fund established in connection with a Series of Bonds with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Trustee will immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Authority hereby covenants and agrees to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the principal, interest or mandatory redemption date referenced in such notice.

#### **No Reserve Fund**

The Authority is not funding a debt service reserve for the 2020 Bonds.

#### **Limited Obligation**

**THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE, THE COUNTY OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE AUTHORITY TO THE EXTENT OF THE PLEDGE OF REVENUES DESCRIBED HEREIN, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE INDENTURE) OF THE AUTHORITY IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.**

#### **Alternate Credit Support Instrument**

So long as any 2020 Bonds bear interest at a Variable Rate (other than 2020 Bonds in an Index Rate Period, a Term Rate Period for which there is no Credit Facility, or a Fixed Rate Period), on or prior to the Expiration or termination of any existing Credit Support Instrument, including any renewals or extensions thereof (other than an Expiration of such Credit Support Instrument at the final maturity of the 2020 Bonds to which such Credit Support Instrument relates), the Authority will provide to the Trustee

(with a copy to the applicable Remarketing Agent) a renewal or extension of the term of the existing Credit Support Instrument for such Series of 2020 Bonds or an Alternate Credit Support Instrument for such Series of 2020 Bonds meeting the requirements set forth in the Indenture. "Alternate Credit Support Instrument" means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, which secures or guarantees the payment of the purchase price of a Series of Bonds, issued by a commercial bank, insurance company, pension fund or other financial institution, and delivered or made available to the Trustee, as a replacement or substitute for any Credit Facility then in effect.

Any such Alternate Credit Support Instrument must meet the following conditions:

(i) the obligations of a 2020 Credit Provider under an Alternate Credit Support Instrument to purchase 2020 Bonds or otherwise provide for the Purchase Price of 2020 Bonds tendered or deemed tendered will not be subject to suspension or termination on less than fifteen (15) days' notice to the Authority and the Trustee; provided, however, that the obligations of a 2020 Credit Provider to purchase 2020 Bonds or otherwise provide for the Purchase Price of such 2020 Bonds may be immediately suspended or terminated (A) without such notice upon the occurrence of such events as may be provided in a Credit Support Instrument and which are disclosed to the Holders of such 2020 Bonds in connection with the provision of such Credit Support Instrument or, (B) if applicable, upon the remarketing of such 2020 Bonds upon the mandatory tender thereof as a result of provision of such Alternate Credit Support Instrument;

(ii) such Alternate Credit Support Instrument must take effect on or before the Purchase Date for the 2020 Bonds; and

(iii) such Alternate Credit Support Instrument must be in an amount sufficient to pay the maximum Purchase Price of the affected 2020 Bonds which will be applicable during the Rate Period commencing on such substitution.

Prior to the date of the delivery of such Alternate Credit Support Instrument to the Trustee, the Authority will cause to be furnished to the Trustee (i) a Favorable Opinion of Bond Counsel addressed to the Trustee to the effect that the delivery of such Alternate Credit Support Instrument to the Trustee is authorized under the Indenture and complies with the terms hereof and will not, in and of itself, adversely affect the Tax-Exempt status of interest on the affected 2020 Bonds and (ii) an opinion or opinions of counsel to the Credit Provider for such Alternate Credit Support Instrument addressed to the Trustee, to the effect that such Alternate Credit Support Instrument has been duly authorized, executed and delivered by the applicable Credit Provider and constitutes the valid, legal and binding obligation of such Credit Provider enforceable against such Credit Provider in accordance with its terms and (iii) if the affected 2020 Bonds are not subject to mandatory tender for purchase, Rating Confirmation. The Trustee will give notice by first class mail to the Holders of the affected 2020 Bonds of the proposed substitution of a Credit Support Instrument not later than the fifteenth (15th) day prior to the substitution date.

#### **Limitations on Rights of Credit Providers, Liquidity Facility Provider; Reserve Facility Providers**

A Supplemental Indenture establishing the terms and provisions of a Series of Bonds may provide that any Credit Provider, Liquidity Facility Provider or Reserve Facility Provider may exercise any right under the Indenture given to the Holders of the Bonds to which such Credit Facility, Liquidity Facility or Reserve Facility relates. All provisions under the Indenture authorizing the exercise of rights by a Credit Provider, a Liquidity Facility Provider or a Reserve Facility Provider with respect to consents, approvals, directions, waivers, appointments, requests or other actions, shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider, Liquidity Facility Provider or Reserve Facility Provider were not mentioned therein (i) during any period during which such Credit Provider, Liquidity Facility Provider or Reserve Facility Provider has failed to honor a properly presented and conforming drawing under the applicable Liquidity Facility, Liquidity Facility or Reserve Facility or (ii) after the applicable Liquidity Facility, Credit Facility

or Reserve Facility shall at any time for any reason cease to be valid and binding on the provider thereof, or shall be declared to be null and void by final, non-appealable judgment of a court of competent jurisdiction, or after the Liquidity Facility, Credit Facility or Reserve Facility has been rescinded, repudiated by the provider thereof or terminated, or after a receiver, conservator or liquidator has been appointed for the provider thereof.

All provisions relating to the rights of a Credit Provider, Liquidity Facility Provider or Reserve Facility Provider will be of no further force and effect if all amounts owing to such Credit Provider, Liquidity Facility Provider or Reserve Facility Provider shall have been paid pursuant to the terms of the applicable Liquidity Facility, Credit Facility or Reserve Facility and such Liquidity Facility, Credit Facility or Reserve Facility shall no longer be in effect. Each Credit Provider, Liquidity Facility Provider or Reserve Facility Provider with respect to Bonds or any Series is an express third-party beneficiary of the Indenture with the power to enforce the provisions hereof against the parties hereto, subject to the provisions therein.

## **THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT**

*The following are brief outlines of certain provisions contained in the Letter of Credit established in favor of the Trustee and the Reimbursement Agreement between the Authority and the 2020 Credit Provider and are not to be considered a full statement pertaining thereto. Reference is made to the Letter of Credit and the Reimbursement Agreement on file with the Authority for the complete text thereof.*

### **The Letter of Credit**

The Letter of Credit is an irrevocable transferable obligation of the Credit Provider. The Letter of Credit will be issued in an amount equal to the aggregate outstanding principal amount of the 2020 Bonds, plus [ ] days' interest thereon at the rate of 12% per annum (the "Cap Interest Rate"), on the basis of a 365 day year. The Trustee, upon compliance with the terms of the Letter of Credit, is authorized and directed to draw up to (a) an amount sufficient (i) to pay principal of the 2020 Bonds when due, whether at maturity or upon redemption or acceleration, and (ii) to pay the portion of the purchase price of the 2020 Bonds tendered for purchase that have not been successfully remarketed or for which the purchase price has not been received by the Trustee (a "Credit Drawing") equal to the principal amount of the 2020 Bonds, plus (b) an amount not to exceed [ ] days' of accrued interest on the 2020 Bonds at the Cap Interest Rate (i) to pay interest on the 2020 Bonds when due, and (ii) to pay the portion of the purchase price of the 2020 Bonds delivered for purchase pursuant to a tender for purchase and not remarketed, equal to the interest accrued, if any, on the 2020 Bonds. No drawing shall be made for 2020 Bonds bearing interest at a rate other than the Daily Interest Rate or Weekly Interest Rate or (i) Purchased Bonds (as defined in the Letter of Credit), or (ii) 2020 Bonds owned by or on behalf of the Authority.

The Available Amount (as defined in the Letter of Credit) will be reduced automatically by the amount of a drawing thereunder; provided, however, that the amount of any Interest Drawing (as defined in the Letter of Credit), shall be automatically reinstated on the [5th] Business Day from the date such drawing is honored unless the Trustee shall have received a notice from the Credit Provider on the 4th Business Day after the date of such drawing of the occurrence of an Event of Default and as a result thereof, the amount of such Interest Drawing shall not be reinstated, and the Credit Provider shall direct the Trustee to cause a mandatory tender of the 2020 Bonds. With respect to a Credit Drawing, the Letter of Credit will automatically be reduced by an amount equal to the amount of said Credit Drawing. Unless the 2020 Bonds have become Converted Bonds (as defined in the Letter of Credit), upon a remarketing of the 2020 Bonds (or portions thereof) previously purchased with the proceeds of such Credit Drawing, the Credit Provider's obligation to honor drawings under the Letter of Credit will be automatically reinstated in an amount set forth in a notice of remarketing concurrently upon receipt by the Credit Provider of such notice of remarketing and the amount set forth therein.

The Letter of Credit will terminate (the "Termination Date") on the close of business on the earliest of: (i) \_\_\_\_\_, 2023, (as extended from time to time, the "Stated Expiration Date"), (ii) the

earlier of (A) the date which is five (5) days following the date on which all of the 2020 Bonds bear interest at a rate other than the Daily Interest Rate or the Weekly Interest Rate, as such date is specified in a certificate in the form of a notice of conversion date (the “Conversion Date”) set forth in the Letter of Credit and (B) the date on which the Credit Provider honors a drawing under the Letter of Credit on or after the Conversion Date, (iii) the date of receipt from the Trustee of a notice of termination certificate in the form set forth in the Letter of Credit, (iv) the date on which a Stated Maturity Drawing (as defined in the Letter of Credit) is honored by the Credit Provider and (v) the date which is fifteen (15) days (or if such day is not a Business Day, on the next succeeding Business Day) following receipt by the Trustee of a written notice from the Credit Provider, specifying the occurrence of an Event of Default under the Reimbursement Agreement, directing the Trustee to cause a mandatory tender of the Bonds.

## **The Reimbursement Agreement**

***Events of Default.*** The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an “*Event of Default*” under the Reimbursement Agreement, unless waived in writing by the Credit Provider:

(a) the Authority shall fail to pay the principal of or interest on any Reimbursement Obligation or Bank Bond (as each is defined in the Reimbursement Agreement) when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Authority shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on any Reimbursement Obligation or Bank Bond) when due and such failure shall continue for five (5) Business Days;

(c) any representation or warranty made by or on behalf of the Authority in the Reimbursement Agreement or in any other Related Document or in any certificate or statement delivered thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Authority shall default in the due performance or observance of certain covenants set forth in the Reimbursement Agreement; or

(e) the Authority shall default in the due performance or observance of any other term, covenant or agreement contained in the Reimbursement Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof; provided, that, if such failure shall be such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default under the Reimbursement Agreement if corrective action is instituted within such period and diligently pursued until the failure is corrected, but in no event shall such period extend more than ninety (90) days after the occurrence of such failure;

(f) the Authority shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in subsection (g) below under this heading “The Reimbursement Agreement”;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Authority or any substantial part of its Property, or a proceeding described in subsection (f)(v) above under this heading “The Reimbursement Agreement” shall be instituted against the Authority and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Authority by the Authority or any Governmental Authority (as defined in the Reimbursement Agreement) with appropriate jurisdiction;

(i) any material provision of any of the Related Documents shall cease to be valid and binding, or the Authority or any Governmental Authority shall contest any such provision or the Authority or any agent or trustee on behalf of the Authority, shall deny that it has any or further liability under any of the Related Documents;

(j) dissolution or termination of the existence of the Authority;

(k) the Authority shall (i) default on the payment of the principal of or interest on any Parity Debt or Senior Debt (as such terms are defined in the Reimbursement Agreement) including, without limitation, any regularly scheduled payments on Swap Contracts (as such term is defined in the Reimbursement Agreement) which constitute Parity Debt or Senior Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt or Senior Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt or Senior Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Parity Debt or Senior Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt or Senior Debt;

(l) the Authority shall (i) default on the payment of the principal of or interest on any Debt (other than Parity Debt or Senior Debt) including, without limitation, any regularly scheduled payments on Swap Contracts, aggregating in excess of \$10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Parity Debt or Senior Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Parity Debt or Senior Debt) aggregating in excess of \$10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(m) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Credit Provider, in an aggregate amount in excess of \$10,000,000 shall be entered or filed against the Authority or against any of its Property (as defined in the Reimbursement Agreement) and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(n) any “event of default” under any Related Document (as defined respectively therein) shall have occurred; or

(o) any of Fitch, Moody’s and S&P shall have downgraded its rating of any long-term unenhanced Senior Debt of the Authority to below “BBB” (or its equivalent), “Baa2” (or its equivalent), or “BBB” (or its equivalent) respectively, or suspended or withdrawn its rating of the same.

**Remedies.** Upon the occurrence and during the continuance of any Event of Default under the Reimbursement Agreement, the Credit Provider, shall, with notice thereof to the Trustee, exercise any one or more of the following rights and remedies, in addition to any other remedies herein or by law provided:

(a) by notice to the Authority and the Trustee, declare all Obligations (as defined in the Reimbursement Agreement) to be, and such amounts shall thereupon become, immediately and automatically due and payable without further presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority, provided that upon the occurrence of an Event of Default under subsection (f) or (g) above under this heading “The Reimbursement Agreement” such acceleration shall automatically occur (unless such automatic acceleration is waived by the Credit Provider in writing);

(b) give written notice of the occurrence of an Event of Default to the Trustee directing the Trustee to cause a mandatory tender of the 2020 Bonds, thereby causing the Letter of Credit to expire 15 days thereafter;

(c) direct the Trustee to exercise its rights under the Indenture and the Related Documents; and

(d) pursue any other action available at law or in equity;

*provided, however,* that the failure of the Credit Provider to give notice of the exercise of any such right or remedy shall not affect the validity or enforceability thereof.

## SAN MATEO COUNTY TRANSPORTATION AUTHORITY

### General

The formation of the Authority was approved by the electorate on June 7, 1988. The Authority’s Board of Directors is composed of seven elected officials representing the cities in the County, the County of San Mateo and the San Mateo County Transit District. Pursuant to the Transportation Authority Act, the Authority is charged with administering the Authority’s 2004 Transportation Expenditure Plan (the “Measure A Expenditure Plan”). The Authority’s staff is supplied by SMCTD.

### Measure A Expenditure Plan

The Measure A Expenditure Plan provides for investment in six program categories. Each program category receives a percentage share of Measure A revenues, estimated at \$1.5 billion (in 2004 dollars) over a 25-year period. Funding for the Measure A Expenditure Plan consists of Measure A Sales Tax Revenue and other sources of funding.

<b>Program Category</b>	<b>Percent Share</b>	<b>25-Year Estimated Revenue (In Millions)</b>
Transit	30.0%	\$450
Highways <sup>(1)</sup>	27.5	413
Local Streets/Transportation	22.5	338
Grade Separations	15.0	225
Pedestrian and Bicycle	3.0	45
Alternative Congestion Relief Programs	1.0	15

<sup>(1)</sup> The Project is funded in part as part of the Highways program.

The programs and projects contained in the Measure A Expenditure Plan are based upon the Countywide Transportation Plan and are essential to meeting the mobility needs of San Mateo County. Four broad goals for the plan are supported by 15 more specific objectives. The four goals are: (i) reduce commute corridor congestion, (ii) make regional connections, (iii) enhance safety, and (iv) meet local mobility needs. The full Measure A Expenditure Plan is located on the internet at:

<http://www.smcta.com/Assets/SMCTA/Documents/2009-2033+Transportation+Expenditure+Plan.pdf>

### Measure W Expenditure Plan

The Measure W Congestion Relief Plan contained in the District Ordinance provides for investment in five program categories. Each program category receives a percentage share of the Measure W revenues, estimated at \$2.4 billion (in 2018 dollars) over a 30-year period.

<b>Program Category</b>	<b>Percent Share</b>	<b>30-Year Estimated Revenue (In Millions)</b>
Countywide Highway Congestion Improvements <sup>(1)</sup>	22.5%	\$ 540
Local Safety, Pothole and Congestion Relief Improvements	12.5	300
Bicycle and Pedestrian Improvements	5.0	120
Regional Transit Connections	10.0	240
County Public Transportation Systems	50.0	1,200

<sup>(1)</sup> The Project is funded in part from the Countywide Highway Congestion Improvements program.

### Board of Directors

<b>Term Expires December 31</b>	<b>Director</b>	<b>Appointed By<sup>(1)</sup></b>	<b>Representing</b>
2021	Emily Beach, Chair	City Selection Committee	Cities at Large
2021	Rico E. Medina, Vice Chair	City Selection Committee	Northern Cities
2020	Carole Groom	Board of Supervisors	Board of Supervisors
2021	Don Horsley	Board of Supervisors	Board of Supervisors
2020	Julia Mates	City Selection Committee	Central Cities
2020	Karyl Matsumoto	SMCTD Board	San Mateo County Transit District
2020	Carlos Romero	City Selection Committee	Southern Cities

<sup>(1)</sup> Local governments participate in a Cities Selection Committee to appoint four Board members, one each to represent the interests of North County, Central County, South County and the cities-at-large.

*Emily Beach*, Chair, was appointed to the Authority Board in 2017 representing the Cities at Large. She was elected to the City of Burlingame’s Council in 2015. Ms. Beach’s professional experience spans non-profit, public and private sectors, previously working as a business executive in Silicon Valley before reinventing herself as a stay-at-home mom and active community volunteer. She served as an U.S. Army officer in Saudi Arabia, South Korea, and Texas. During her four years on active duty, she earned the rank of Captain and obtained the U.S. Army Parachutist Badge. Ms. Beach also serves on the Caltrain Modernization Local Policy Makers Group, El Camino Real (California Highway 82) Task Force, Peninsula Traffic Congestion Relief Alliance (Commute.org), the San Mateo County Congestion Management and Environmental Quality committee and the Grand Boulevard Initiative Task Force. Ms.

Beach holds a Bachelor's degree from the University of Notre Dame in Government and Spanish, *Magna Cum Laude*.

*Rico E. Medina*, Vice Chair, was appointed to the Authority Board in 2018, representing Northern San Mateo County. He has served on the San Bruno City Council since 2005 and was directly elected as San Bruno's Mayor in November 2017. Mr. Medina serves on the Association of Bay Area Governments Board, the Peninsula Traffic Congestion Relief Alliance (Commute.org) and the San Mateo County Operational Area Emergency Services Council.

*Carole Groom* was appointed to the Authority Board by the San Mateo County Board of Supervisors in January 2009. She was elected to the Board of Supervisors in June 2009 and served as President of the Board in 2011 and 2015. Ms. Groom represents District 2, which includes the cities of Belmont, Foster City and San Mateo. Prior to joining the Board of Supervisors, Supervisor Groom served on the San Mateo City Council for nine years, including two terms as Mayor and spearheaded many ongoing community events such as "Active San Mateo County" an annual conference on creating healthy communities and "Streets Alive! Parks Alive!" an annual event to promote parks and public spaces. She also serves on the SMCTD Board, the California Coastal Commission and the Peninsula Clean Energy Board.

*Don Horsley* was appointed to the Authority Board in 2011 representing the San Mateo County Board of Supervisors. He has served District 3 since 2010, representing several Bayside cities, unincorporated parts of San Mateo County as well as the Coastside. Prior to joining the Board of Supervisors, Mr. Horsley dedicated his life to public service as a police officer in both the City of Daly City and the San Mateo County Sheriff's Office. In 1993, he successfully ran for the elected Sheriff's position and held that position for the next 14 years. Mr. Horsley also served on the Board of the Sequoia Healthcare District. Mr. Horsley holds a Bachelor's degree from San Francisco State University.

*Julia Mates*, was appointed to the Authority Board in 2019 representing Central County. She was appointed to the Belmont City Council in January 2018 and elected in November 2018 after serving on the Planning Commission. Julia is a graduate of UCLA, and Cal State Sacramento, where she obtained her Master's degree in History/Public History. She has worked as a Historian and Cultural Resources Specialist consultant for over 17 years, through which she acquired skills and experience in land use planning.

*Karyl Matsumoto*, a City Selection Committee appointee for the Northern portion of San Mateo County, was appointed in February 2007. Ms. Matsumoto was elected to the City of South San Francisco City Council in November 1997 and has served as Mayor four times. Ms. Matsumoto is also on the Boards of SMCTD and the City/County Association of Governments of San Mateo County, and she serves on the Caltrain Modernization Local Policy Maker Group. She holds a Bachelor's degree in Business Administration and her work experience covers public, private and nonprofit sectors.

*Carlos Romero* was appointed to the Authority Board in 2019 representing South County. He was elected to the East Palo Alto City Council in May 2015, and was reelected in November of 2016 and 2018. Mr. Romero previously served on the East Palo Alto City Council from 2008 to 2011, and served as Mayor in 2010. Mr. Romero's professional experience includes consulting on affordable housing land-use development, serving as the Executive Director of the Mission Housing Development Corporation from 1994-2004. Mr. Romero holds a Bachelor's degree from Stanford University in International Relations and Economics.



## **Executive Staff**

Key staff members of the Authority, the position held by each, and a brief statement of the background of each staff member are set forth below.

*Jim Hartnett* serves as Executive Director of the Authority. He also concurrently serves as Executive Director to the Peninsula Corridor Joint Powers Board (“JPB”) and SMCTD. He also serves on the SMCELJPA Executive Committee. Mr. Hartnett is an attorney who has practiced law since 1978, specializing in the areas of business law, real estate law, civil litigation, probate and trust litigation, and dispute resolution. Mr. Hartnett has served on the governing board of the California High-Speed Rail Authority, serving as Vice Chair, and is past Chair and/or Board member of the governing board of the JPB and the SMCTD Board, and member of the Dumbarton Rail Policy Committee. He also served four terms as a member of the City Council of the City of Redwood City, serving as both Mayor and Vice-Mayor, and has served on numerous other boards and committees both within and outside San Mateo County.

*Joan Cassman* serves as General Counsel of the Authority. She also concurrently serves as General Counsel to SMCTD and the JPB. Since 1989, Ms. Cassman has served as the City Attorney for the City of Millbrae. In addition, she is General Counsel for the Peninsula Traffic Congestion Relief Alliance, a transportation demand management joint powers authority of 17 cities and the County, and was the General Counsel for the Mid-Peninsula Water District. Ms. Cassman also serves on the Board of Trustees of UC Hastings Law School and is one of the Evaluators for the City of San Jose Elections Commission. She has also served a number of cities and public agencies as special counsel.

*Derek Hansel* serves as Chief Financial Officer of the Authority. He also concurrently serves as Chief Financial Officer to JPB and SMCTD. He also serves as Chief Financial Officer and Treasurer to SMCELJPA. Prior to his appointment as Chief Financial Officer, Mr. Hansel served as Assistant Director of Finance for the City of San José from January 2015 to June 2017. Prior to his appointment as Assistant Director of Finance for the City of San José, Mr. Hansel served as Executive Director of the New Jersey Educational Facilities Authority from April 2012 to December 2014 and as Assistant Chief Financial Officer of the Pennsylvania Turnpike Commission from October 2009 to April 2012.

## **THE SALES TAX REVENUES**

### **Authorization, Application and Collection of the Sales Tax Revenues**

The Authority is authorized by the Transportation Authority Act to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County in accordance with California’s Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 et seq.), upon authorization by a majority of the electors voting on the issue. On June 7, 1988, the voters approved the 1988 Ordinance which imposed the Measure A Sales Tax in the County for a twenty-year period. On November 2, 2004, more than two-thirds of the voters approved the Measure A Sales Tax Extension Ordinance which, among other things, extended the collection of the tax to December 31, 2033. The Ordinance imposes the Measure A Sales Tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and upon the storage, use or other consumption in the County of such property purchased from any retailer for storage use or other consumption in the County, subject to certain limited exceptions described below.

Collection of sales taxes is administered by the CDTFA, which replaced the BOE for this purpose. The CDTFA, after deducting an administration fee, remits the Sales Tax Revenues directly to the Trustee. The nominal fee charged by the CDTFA is determined by the CDTFA pursuant to statute and may be increased or decreased by legislative action from time to time.

The CDTFA disburses collected sales tax monthly to sales taxing jurisdictions such as the Authority through a five-step procedure. First, the CDTFA calculates 90% of the same quarter

disbursement from the prior year. Second, the CDTFA multiplies this number by the quarterly growth rate provided by the State Department of Finance. Third, the CDTFA divides the quarterly projection into three monthly disbursements of 35%, 35% and 30%. Fourth, the disbursement for the first month of each quarter is adjusted by a true-up for the previous quarter to reconcile actual sales tax collections with the disbursements made in accordance with the preceding formula. Fifth, a quarterly administration fee is subtracted from the first month's disbursement. From time to time there are corrections made by the CDTFA for prior periods.

The Measure A Sales Tax and the Measure W Sales Tax are imposed in addition to a 7.25 percent sales and use tax levied statewide by the State, a County-wide sales tax and local sales tax measures enacted by cities, as described below under “– Other Sales Taxes Imposed in the County.” In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State, subject to certain exceptions. Many categories of transactions are exempt from the Statewide sales and use tax and from the Measure A Sales Tax and the Measure W Sales Tax. The most important are: sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes.

In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the statewide sales and use tax and from the Measure A Sales Tax and the Measure W Sales Tax. Action by the State legislature or by voter initiative could change the transactions and items upon which the Statewide sales and use tax and the Measure A Sales Tax and the Measure W Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Authority is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues. See also “RISK FACTORS – Proposition 218.”

### **Historical Measure A Sales Tax Revenues**

The Authority began receiving distributions of the Measure A Sales Tax from the BOE in January 1989. The CDTFA now handles most of the taxes and fees previously collected by the BOE. The following table shows the Measure A Sales Tax remitted to the Authority during the Fiscal Years ended June 30, 1989 through June 30, 2019. Collection of sales taxes under Measure W began on July 1, 2019 and therefore Measure W Sales Tax Revenues are not reflected in the following table.

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**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
HISTORICAL MEASURE A SALES TAX REVENUES**

<u>Fiscal Year Ended June 30</u>	<u>Measure A Sales Tax Revenues<sup>(1)</sup></u>	<u>% Change From Prior Fiscal Year</u>
1989	\$11,278,000 <sup>(2)</sup>	--
1990	27,531,000	144.0
1991	26,856,000	(2.5)
1992	28,076,000	4.5
1993	29,248,000	4.2
1994	30,012,000	2.6
1995	31,652,000	5.5
1996	34,481,000	8.9
1997	47,519,000	37.8
1998	51,435,000	8.2
1999	54,350,944	5.7
2000	63,061,881	16.0
2001	66,745,588	5.8
2002	57,160,991	(14.4)
2003	54,854,538	(4.0)
2004	55,394,331	0.9
2005	59,953,122	8.2
2006	63,811,468	6.4
2007	66,201,576	3.7
2008	68,669,604	3.7
2009	60,022,443	(12.6)
2010	58,485,023	(2.6)
2011	63,515,997	8.6
2012	69,475,757	9.4
2013	73,857,787	6.3
2014	77,625,765	5.1
2015	80,974,178	4.3
2016	79,703,951	1.6
2017	84,354,070	5.8
2018	87,817,926 <sup>(3)</sup>	4.1
2019	100,728,384 <sup>(3)</sup>	14.7

<sup>(1)</sup> Cash basis, net of BOE/CDTFA administrative fee.

<sup>(2)</sup> Partial year. Measure A Sales Tax proceeds were received by the Authority commencing in January 1989.

<sup>(3)</sup> In May 2018, CDTFA implemented a new automated system for processing, reporting, and distributing sales tax revenues to agencies throughout the State. As a result, several thousand tax returns were not processed in a timely manner. A portion of Fiscal Year 2018 revenue was recorded in Fiscal Year 2019.

For the first [seven] months of the Fiscal Year ending June 30, 2020, Measure A Sales Tax collections totaled [\$59,527,283] For the first [four] months of the Fiscal Year ending June 30, 2020, the Authority's share of the Measure W Sales Tax collections totaled [\$15,179,281.] The Authority estimates a \_\_\_% decline in Sales Tax Revenues between February 1 and June 1, 2020.

On April 3, 2020, the Governor issued an Executive Order that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments, with the first payment not due until July 31, 2020. See “RISK FACTORS – COVID-19 Pandemic.”

### Other Sales Taxes Imposed in the County

The Measure A Sales Tax and Measure W Sales Tax, with limited exceptions, are imposed on the same transactions and items subject to the 7.25 percent sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Measure A Sales Tax and Measure W Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. See “RISK FACTORS – Other Sales Taxes.”

In addition to the statewide sales and use tax, a County-wide 0.50% sales tax approved on November 5, 1974 to finance transit services (Proposition A) administered by SMCTD, the Measure A Sales Tax and Measure W Sales Tax, the following sales and use taxes are imposed by cities within the County. No portion of the statewide sales and use tax, the County-wide sales tax or the following taxes imposed in certain cities within the County, are pledged to the repayment of the 2020 Bonds.

<b>Sales and Use Tax</b>	<b>Tax Rate</b>	<b>Effective Date</b>	<b>Termination Date</b>
City of Belmont	0.50%	4/1/17	4/01/47 (30 years)
City of Burlingame	0.25	3/1/18	No expiration date
City of East Palo Alto	0.50	2/28/17	No expiration date
City of Redwood City	0.50	4/1/19	No expiration date
City of San Mateo	0.25	3/1/18	3/01/48 (30 years)
City of South San Francisco	0.50	4/1/16	4/01/46 (30 years)

Source: *California City and County Sales and Use Tax Rates* (January 1, 2020), CDTFA.

### AUTHORITY INVESTMENT PORTFOLIO

Funds of the Authority are invested pursuant to an investment policy adopted by the Authority Board, which permits the Authority to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies. The following table sets forth the investments as of March 31, 2020. The value of the various investments in the portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Further, such values may vary based on credit quality, ratings, or other factors. Therefore, there can be no assurance that the values of the various investments in the portfolio will not vary significantly from the values described below.

Funds held by the Trustee under the Indenture are invested in Investment Securities (as defined in APPENDIX C) by the Trustee in accordance with instructions from the Authority. The instructions from the Authority currently restrict those investments to investments permitted by the investment policy adopted by the Authority Board described above (except that the Trustee is permitted to invest a greater percentage of funds in specific securities than the investment policy would otherwise permit).

**INVESTMENT PORTFOLIO INFORMATION**  
as of March 31, 2020

<u>Investments</u>	<u>Par Value</u>	<u>Market Value</u>
Cash and Cash Equivalents	\$276,520,135	\$276,520,135
United States Agencies	88,911,576	92,470,917
Corporate Medium Term Notes	30,430,000	30,603,585
Certificates of Deposit	15,300,000	15,531,695
Asset-Backed Securities	11,667,078	11,606,039
Commercial Paper	<u>9,300,000</u>	<u>9,225,924</u>
<b>TOTAL</b>	<b>\$432,128,789</b>	<b>\$435,958,295</b>

Source: The Authority.

**RISK FACTORS**

**Economic Conditions**

The 2020 Bonds are payable from and secured by a pledge of Sales Tax Revenues, which consist of the Measure A Sales Tax and Measure W Sales Tax less an administrative fee paid to the CDTFA. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally. For information relating to the historic economic conditions within the County and the State, see APPENDIX B – “INFORMATION REGARDING THE COUNTY OF SAN MATEO.”

Any substantial deterioration in the level of economic activity within the County or in the State could have an adverse impact upon the level of Sales Tax Revenues and therefore upon the ability of the Authority to pay principal of and interest on the 2020 Bonds. See “– COVID-19 Pandemic” below.

**COVID-19 Pandemic**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and California. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 4, 2020, the Governor of California (the “Governor”) proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State’s police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State to stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations. In addition to the actions by the state and federal officials, certain local officials have

declared a local state of emergency and have issued “shelter-in-place” orders, including by the County on March 31, 2020.

Many of these federal, state and local actions are focused on “social distancing,” or limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and impacts enterprise operations and the economy.

The Governor issued Executive Orders N-29-20 and N-35-20 relaxing state and local agency open meeting laws to accommodate social distancing. The Authority expects to hold meetings of its Board of Directors unhindered by the Pandemic. As permitted under Executive Order N-33-20, certain of the Authority’s employees may continue to come to work under designated exceptions for critical sectors. And some of the Authority’s employees are teleworking. The Authority does not expect its business to be materially curtailed by employee absences prompted by the stay-home order. However, the Authority offers no assurances that director or employee absences due to COVID 19 illnesses will not occur.

The Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County. While federal and state governments (including California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the Authority offers no assurances that these interventions will have the intended effects.

These negative economic impacts may reduce or otherwise negatively affect Sales Tax Revenues. The consequences of the Pandemic are expected to continue to reduce economic activity within the County that generates Sales Tax Revenues. The Authority cannot accurately predict the magnitude of this impact on Sales Tax Revenues, but the impacts could be material and adverse.

On March 12, 2020, the Governor issued Executive Order N-25-20, requiring CDTFA, which administers sales and use taxes in the State, to use its administrative powers where appropriate to provide extensions for filing, payment, audits, billing, notices, assessments, claims for refund, and relief from subsequent penalties and interest to individuals and businesses impacted by complying with a state or local public health official’s imposition or recommendation of social distancing measures related to COVID-19.

On March 30, 2020, the Governor issued Executive Order N-40-20, which provided a three-month extension for tax returns and tax payments for all businesses filing a return for less than \$1,000,000 in taxes. Such extension remains effective through the reporting of taxes or fees due or the payment of taxes that are due on or before July 31, 2020. That order also extends the statute of limitations to file a claim for refund for taxes and fees administered by CDTFA and it extends the timeframe to file for appeal with CDTFA.

On April 3, 2020, the Governor issued an Executive Order that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments, with the first payment not due until July 31, 2020.

Further, the Authority continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the Authority. While the overall potential impact of the Pandemic on the Authority and Sales Tax Revenues cannot be quantified at this time, the adverse impact on Sales Tax Revenues could be material.

## **Legislative Changes**

Action by the State legislature or by voter initiative could change the transactions and items upon which the Measure A Sales Tax and the Measure W Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The State Legislature from time to time may adopt legislation that impacts the collection or the distribution of sales taxes or that otherwise may impact the operations or finances of the Authority. The Authority cannot predict whether any such legislation will negatively impact Sales Tax Revenues. The Authority is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues.

## **Other Sales Taxes**

With limited exceptions, the Measure A Sales Tax and Measure W Sales Tax are imposed upon the same transactions and items subject to the 7.25% sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Measure A Sales Tax and Measure W Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. In addition, the Measure A Sales Tax and Measure W Sales Tax is imposed generally on the same transactions and items subject to sales and use taxes levied by certain cities within the County. See “THE SALES TAX – Other Sales Taxes Imposed in the County.”

## **No Acceleration of 2020 Bonds**

The Indenture does not contain a provision allowing for the acceleration of the 2020 Bonds. In the event of a default by the Authority, each Holder of a 2020 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

## **Bankruptcy Considerations**

The Authority may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the Authority file for bankruptcy, there could be adverse effects on the holders of the 2020 Bonds.

If the Sales Tax Revenues are “special revenues” under the Bankruptcy Code, then Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture. “Special revenues” are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. The Measure A Sales Tax and Measure W Sales Tax were levied to finance the projects described in the Ordinances (under this caption, the “Projects”), and some of these Projects are described in broad terms. In addition, the Projects are not owned by the Authority. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues. Were the Sales Tax Revenues determined not to be “special revenues,” then Sales Tax Revenues collected after the commencement of a bankruptcy case would likely not be subject to the lien of the Indenture. The holders of the 2020 Bonds may not be able to assert a claim against any property of the Authority other than the Sales Tax Revenues, and were these amounts no longer subject to the lien of the Indenture following commencement of a bankruptcy case, then there could thereafter be no amounts from which the holders of the 2020 Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. The law is not clear as to whether, or to what extent, Sales Tax Revenues would be considered to be “derived” from the Projects. To the extent that Sales Tax Revenues are determined to be both special revenues and derived from the Projects, the Authority may be able to use Sales Tax Revenues to pay necessary

operating expenses connected with the Projects, before the remaining Sales Tax Revenues are turned over to the Trustee to pay amounts owed to the holders of the 2020 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Authority is in bankruptcy, the parties (including the holders of the 2020 Bonds) may be prohibited from taking any action to collect any amount from the Authority or to enforce any obligation of the Authority, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the 2020 Bonds from funds in the Trustee's possession. The procedure pursuant to which Sales Tax Revenues are paid directly by the CDTFA to the Trustee may no longer be enforceable, and the Authority may be able to require the CDTFA to pay Sales Tax Revenues directly to the Authority.

The Authority as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy judicial determines that the rights of the Trustee and the holders of the 2020 Bonds will be adequately protected. The Authority may also be able, without the consent and over the objection of the Trustee and the holders of the 2020 Bonds, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the 2020 Bonds, provided that the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the 2020 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Authority that could result in delays or reductions in payments on the 2020 Bonds, or result in losses to the holders of the 2020 Bonds. Regardless of any specific adverse determinations in a Authority bankruptcy proceeding, the fact of a Authority bankruptcy proceeding could have an adverse effect on the Credit and value of the 2020 Bonds.

### **Proposition 218**

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIIC and XIID to the California Constitution. Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Authority. In 2004, the Measure A Sales Tax Extension Ordinance received the approval of more than 2/3 of the voters as required by Article XIIC. However, Article XIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Authority, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Measure A Sales Tax or the Measure W Sales Tax in a manner which would prevent the payment of debt service on the 2020 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

### **Further Initiatives**

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, which may affect the ability to levy and collect the Measure A Sales Tax or the Measure W Sales Tax.

### **Cybersecurity**

The Authority and SMCTD, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations and finances. As recipients and providers



of personal, private or other electronic sensitive information, the Authority and SMCTD are potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Authority's or SMCTD's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

No assurances can be given that the security and operational control measures of the Authority and SMCTD will be successful in guarding against any and each cyber threat or breach. The cost of remedying damage or disruption caused by cyber-attacks could be substantial and in excess of any applicable insurance coverage.

## **Climate Change**

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. Sea level rise may particularly impact coastal areas throughout California. The Authority cannot predict what impact climate change will have on Sales Tax Revenues in the future.

## **ABSENCE OF MATERIAL LITIGATION**

No litigation is pending or, to the best knowledge of the Authority, threatened against the Authority concerning the validity of the 2020 Bonds. The Authority is not aware of any litigation pending or threatened against the Authority questioning the political existence of the Authority or contesting the ability to impose and collect the Measure A Sales Tax or the Measure W Sales Tax.

## **TAX MATTERS**

*The following discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the 2020 Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws. A copy of the form of opinion of Bond Counsel relating to the 2020 Bonds is included in APPENDIX F hereto.*

## **Federal Tax Exemption**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the Authority with certain covenants in the Indenture, the Tax Certificate and other documents pertaining to the 2020 Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the 2020 Bonds and the timely payment of certain investment earnings to the United States, interest on the 2020 Bonds is not included in the gross income of the owners of the 2020 Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the 2020 Bonds to be included in gross income retroactive to the date of issuance of the 2020 Bonds.

In the further opinion of Bond Counsel, interest on the 2020 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the 2020 Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate or in other documents pertaining to the 2020 Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the 2020 Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP, or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP, with respect to the exclusion from gross income of the interest on the 2020 Bonds for federal income tax purposes.

Bond Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the 2020 Bonds is commenced, under current procedures the IRS is likely to treat the Authority as the "taxpayer," and the owners of the 2020 Bonds would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the 2020 Bonds, the Authority may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the 2020 Bonds could adversely affect the value and Credit of the 2020 Bonds during the pendency of the examination, regardless of its ultimate outcome.

### **Tax Accounting Treatment of Bond Premium**

***Bond Premium.*** To the extent a purchaser acquires a 2020 Bond at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation.

***Original Issue Discount.*** The excess, if any, of the stated redemption price at maturity of 2020 Bonds of a particular maturity over the initial offering price to the public of the 2020 Bonds of that maturity at which a substantial amount of such 2020 Bonds is sold to the public is "original issue discount." Original issue discount accruing on a 2020 Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such 2020 Bond. Original issue discount on a 2020 Bond purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the 2020 Bonds is sold to the public accrues on a semiannual basis over the term of the 2020 Bond on the

basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a 2020 Bond accruing during each period is added to the adjusted basis of such 2020 Bond, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2020 Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase 2020 Bonds other than at the initial offering price and pursuant to the initial public offering.

Bond Counsel is not opining on the accounting for or consequence to a 2020 Bond purchaser of bond premium or original issue discount. Accordingly, persons considering the purchase of 2020 Bonds with bond premium or original issue discount should consult with their own tax advisors with respect to the determination of bond premium or original issue discount on such 2020 Bonds for federal income tax purposes, and with respect to the state and local tax consequences of owning and disposing of such 2020 Bonds.

### **Information Reporting and Backup Withholding**

Interest paid on the 2020 Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the 2020 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

### **State Tax Exemption**

In the further opinion of Bond Counsel, interest on the 2020 Bonds is exempt from personal income taxes imposed by the State of California.

### **Future Developments**

Existing law may change to reduce or eliminate the benefit to owners of the Bonds of the exclusion of the interest on the 2020 Bonds from gross income for federal income tax purposes or of the exemption of interest on the 2020 Bonds from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future change in tax law.

## **LEGAL MATTERS**

The validity of the 2020 Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is attached as Appendix F hereto. Certain legal matters will be passed upon for the Authority by its General Counsel and by Norton Rose Fulbright US LLP, as Disclosure Counsel, and for the Underwriters by their counsel Stradling Yocca Carlson & Rauth, a Professional Corporation. Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters’ Counsel is contingent on the successful issuance of the 2020 Bonds.

## CONTINUING DISCLOSURE

The Authority has agreed to execute a continuing disclosure agreement (the “Continuing Disclosure Agreement”), which provides for disclosure obligations on the part of the Authority while the 2020 Bonds remain Outstanding. Under the Continuing Disclosure Agreement, the Authority will covenant for the benefit of owners of the 2020 Bonds to provide certain financial information and operating data relating to the Authority by not later than two hundred and ten (210) days after the end of the prior fiscal year, commencing with the fiscal year ending June 30, 2020 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notice Events”) in a timely manner. The Annual Reports and the Notice Events will be filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system. These covenants will be made to assist the Underwriters of the 2020 Bonds in complying with the Rule 15c2-12, as amended (the “Rule”) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

## RATINGS

S&P Global Ratings has assigned its underlying rating on the 2020 Bonds of “AA+” S&P Global Ratings has also assigned a short-term rating on the 2020 Bonds of “A-1,” based on the delivery of the Credit Support Instrument. The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041. Such ratings are not recommendations to buy, sell or hold securities. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the 2020 Bonds.

## UNDERWRITING

### Purchase of the 2020 Bonds

The Authority has entered into separate Bond Purchase Agreements (the “Purchase Agreements”) with BofA Securities, Inc. (“BofA Securities”), as purchaser for the 2020 Series A Bonds, and J.P. Morgan Securities LLC (“J.P. Morgan”), as purchaser for the 2020 Series B Bonds, pursuant to which BofA Securities and J.P. Morgan (together, the “Underwriters”) will agree, subject to certain conditions, to purchase the 2020 Series A Bonds for reoffering at a price of \$\_\_\_\_\_, which represents the aggregate principal amount of the 2020 Series A Bonds, less an Underwriters’ discount of \$\_\_\_\_\_ and the 2020 Series B Bonds for reoffering at a price of \$\_\_\_\_\_, which represents the aggregate principal amount of the 2020 Series B Bonds, less an Underwriters’ discount of \$\_\_\_\_\_. Each Purchase Agreement provides that the Underwriters will purchase all of the 2020 Bonds relating to such Purchase Agreement if any are purchased. The Underwriters agree to make a public offering of the 2020 Bonds.

*The following two paragraphs have been provided by and are being included in this Official Statement at the request of the Underwriters. The Authority does not assume any responsibility for the accuracy or completeness of such statements or information.*

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority. Certain of the Underwriters or their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such securities and instruments.

### **Retail Brokerage Arrangements**

*The following paragraph has been provided by and is being included in this Official Statement at the request of the respective Underwriter. The Authority does not assume any responsibility for the accuracy or completeness of such statements or information.*

BofA Securities, as an underwriter of the 2020 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the 2020 Bonds.

### **MUNICIPAL ADVISORS**

The Authority has retained Ross Financial, San Francisco, California and Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisors (together, the “Municipal Advisors”) in connection with the 2020 Bonds. The Municipal Advisors are independent registered municipal advisors. The Municipal Advisors have not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

### **FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS**

Financial information relating to the Authority is included in the Authority’s Audited Financial Statements for the Fiscal Year Ended June 30, 2019, which are included as part of Appendix A to this Official Statement. The financial statements of the Authority included in Appendix A have been audited by Eide Bailly LLP, Certified Public Accountants (the “Auditors”), as stated in their report appearing in Appendix A. The Auditors were not requested to consent to the inclusion of their report in Appendix A, nor have they undertaken to update their report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditors with respect to any event subsequent to the date of their report.

### **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Authority and holders of any of the 2020 Bonds. All quotations from and summaries and explanations of the Indenture, the Transportation Authority Act, the SMCTD Act, and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.

**SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY**

By: \_\_\_\_\_  
Executive Director

**APPENDIX A**

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

## APPENDIX B

### INFORMATION REGARDING THE COUNTY OF SAN MATEO

*Set forth below is certain information with respect to the County of San Mateo (the “County”). Such information was obtained from the County and from sources the Authority believes to be reliable as of the latest date when such information was available. The Authority takes no responsibility for the accuracy or completeness of such information.*

#### COVID 19 Pandemic

The economic and demographic data contained in this Appendix B are the latest publicly available, however, much of such data are for periods before the economic impact of the COVID 19 pandemic and measures instituted to slow it. Accordingly, such data are not necessarily indicative of the current data for the economic and demographic information indicated.

#### General

The County is located on the California coast approximately 15 miles south of the City of San Francisco. The County is a major employment base, and is also accessible to the Daly City and Silicon Valley areas approximately 30 miles south via Interstate 280 or U.S. Highway 101. The County has an approximate total area of 741 square miles, of which 448 square miles is land and 293 square miles is water. It is the third-smallest county in California by land area.

The County was formed in 1856 after San Francisco County, one of the state's 18 original counties since California's statehood in 1850, was split apart. Until 1856, San Francisco's city limits extended west to Divisadero Street and Castro Street, and south to 20th Street. In response to the lawlessness and vigilantism that escalated rapidly between 1855 and 1856, the California government decided to divide the county. A straight line was then drawn across the tip of the San Francisco Peninsula just north of San Bruno Mountain; everything south of the line became the new San Mateo County.

#### Population

The following table shows the population of State of California (the “State”), the County and the six largest cities within the County for the years indicated.

**Table B-1**  
**COUNTY OF SAN MATEO AND INCORPORATED CITIES**  
**POPULATION<sup>(1)</sup>**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Six Largest Cities:					
Daly City	107,035	108,236	108,393	108,927	109,122
Pacifica	38,840	38,850	38,743	38,718	38,674
Redwood City	82,662	84,161	84,273	84,444	85,319
San Bruno	44,965	45,238	45,258	45,255	45,257
San Mateo	102,346	103,424	103,769	104,497	104,570
South San Francisco	66,819	66,981	66,990	67,054	67,078
Total County	<u>760,679</u>	<u>766,649</u>	<u>769,570</u>	<u>772,372</u>	<u>774,485</u>
Total State	<u><u>38,952,462</u></u>	<u><u>39,214,803</u></u>	<u><u>39,504,609</u></u>	<u><u>39,740,508</u></u>	<u><u>39,927,315</u></u>

(1) As of January 1 for the year shown.

Source: Population Estimates for Cities, Counties and the State, 2015-2019, California Department of Finance, May 2019.



The principal employers in the county are set forth alphabetically in the following table.

**Table B-3  
COUNTY OF SAN MATEO  
PRINCIPAL EMPLOYERS  
2019**

<b>Employer</b>	<b>Location</b>	<b>Type of Business</b>
Bart Daly City Station	Daly City	Transit Lines
Electric Charging Station	Menlo Park	Research Service
Electronic Arts Inc	Redwood City	Game Designers (mfrs)
Facebook Inc	Menlo Park	Social Media
Fisher Investments	San Mateo	Investment Management
Fisher Investments	Woodside	Investment Management
Forced Dump Debris Box Svc	Burlingame	Garbage Collection
Genentech Inc	San Francisco	Biotechnology Products & Services
Gilead Sciences Inc	Foster City	Biological Products (mfrs)
Guckenheimer Inc	Foster City	Marketing Programs & Services
Kaiser Permanente Redwood City	Redwood City	Hospitals
Kaiser Permanente South Sn	San Francisco	Hospitals
Lpch	Menlo Park	Health Care Facilities
Lsa Global	Redwood City	Training Consultants
Mills-Peninsula Medical Ctr	Burlingame	Hospitals
Motif Inc	San Mateo	Business Services NEC
Oracle Corp	Redwood City	Computer Software-Manufacturers
Plateau Systems	San Mateo	Computer Software
San Mateo County Behavior	San Mateo	Government Offices-County
San Mateo County Tax Collector	Redwood City	Tax Return Preparation & Filing
San Mateo Medical Ctr	San Mateo	Hospitals
Sciex LLC	Redwood City	Scientific Apparatus & Instruments-Mfrs
SRI International Inc	Menlo Park	Engineers-Research
Visa Inc	Foster City	Credit Card & Other Credit Plans
Youtube LLC	San Bruno	Online Services

Source: State of California Employment Development Department, as extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition. Excludes the Lucile Packard Children's Hospital (Stanford) because the main hospital is located in Santa Clara County.

The following table shows employment by industry group in the County for the years indicated.

**Table B-5**  
**COUNTY OF SAN MATEO**  
**ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY GROUP<sup>(1)(2)</sup>**  
**(In Thousands)**

<b>Industry Group</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total Farm	1.7	1.7	1.8	1.7	1.4
Total Nonfarm	370.5	370.0	382.4	395.3	403.5
Mining, Logging and Construction	19.0	17.1	17.2	18.5	19.4
Manufacturing	25.7	25.3	24.7	26.4	26.1
Durable Goods	11.7	11.0	10.5	10.8	10.7
Nondurable Goods	14.0	14.3	14.2	15.6	15.5
Trade, Transportation & Public Utilities	74.3	72.8	74.6	76.6	71.2
Wholesale Trade	11.6	12.0	11.9	11.6	11.8
Retail Trade	35.1	33.2	33.2	33.3	34.1
Transportation, Warehousing & Utilities	27.7	27.6	29.5	31.7	25.2
Information	26.2	27.2	30.5	33.5	39.1
Financial Activities	20.7	21.2	22.1	22.3	23.3
Finance & Insurance	14.3	14.6	15.2	15.4	16.5
Real Estate & Rental & Leasing	6.3	6.6	6.9	6.9	6.7
Professional & Business Services	75.4	74.2	79.6	80.7	83.6
Professional, Scientific & Technical Services	47.1	48.4	51.8	51.7	55.2
Management of Companies & Enterprises	5.7	6.4	6.9	7.7	6.6
Administrative & Support & Waste Services	22.6	19.4	20.9	21.3	21.7
Educational & Health Services	42.8	44.0	44.8	46.8	48.5
Educational Services	7.3	7.8	8.1	8.2	8.5
Health Care & Social Assistance	35.5	36.2	36.7	38.6	40.1
Leisure & Hospitality	41.2	41.6	42.2	43.3	45.4
Arts, Entertainment & Recreation	5.3	5.4	5.6	5.6	5.7
Accommodation & Food Services	35.9	36.2	36.6	37.7	39.6
Other Services	13.9	14.0	13.6	13.6	13.8
Government <sup>(3)</sup>	31.2	32.6	33.1	33.6	33.2
Federal Government	3.7	3.7	3.7	3.7	3.6
State Government	0.6	0.6	0.6	0.6	0.6
Local Government	26.9	28.3	28.8	29.3	29.0
Total All Industries <sup>(4)</sup>	<u>372.2</u>	<u>371.7</u>	<u>384.2</u>	<u>397.0</u>	<u>404.9</u>

(1) Employment is by place of work and does not include persons who are involved in labor management trade disputes, self-employed, or unpaid family workers.

(2) All information updated per March 2018 Benchmark. Data for 2019 is not yet available.

(3) Includes all civilian government employees regardless of activity in which engaged.

(4) Totals may not add due to rounding.

Source: State of California Employment Development Department, Labor Market Information Division

## Per Capita Income

Per capita income figures for the County, the State and the United States are presented in the following table. In 2018, the latest year for which annual data is available, the County's per capita income was 98.9% higher than that of the State and 132.1% higher than that of the United States.

**Table B-6**  
**COUNTY OF SAN MATEO**  
**PER CAPITA INCOME**  
**2014 through 2018<sup>(1)</sup>**

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	92,759	51,344	46,494
2015	102,516	55,679	48,940
2016	106,615	57,497	49,831
2017	113,410	59,796	51,640
2018	126,392	63,557	54,446

(1) Data is not yet available for 2019.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA1-3 Personal Income Summary (per capita personal income).

## Commercial Activity

Commercial activity is an important contributor to the County's economy. Total taxable sales for calendar year 2019 in the County were reported to be \$18,168,258,000, a 3.41% increase over the total taxable sales of \$17,547,097,000 reported during calendar year 2018. The following table shows the County's taxable transactions by type of business.

**Table B-7**  
**COUNTY OF SAN MATEO**  
**TAXABLE TRANSACTIONS BY TYPE OF BUSINESS**  
**2015 through 2019**  
**(\$ in Thousands)**

<u>Type of Business</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Motor Vehicle and Parts Dealers	\$ 1,945,310	\$ 1,902,427	\$ 1,950,659	\$ 1,975,817	\$ 1,964,595
Home Furnishings and Appliance Stores	816,315	897,143	920,780	933,708	907,435
Building Materials/ Garden Equipment/ Supplies Dealers	947,423	958,806	1,030,842	1,096,965	1,057,081
Food and Beverage Stores	636,760	650,941	665,540	681,187	716,140
Gasoline Stations	940,292	850,055	976,765	1,172,359	1,159,714
Clothing and Clothing Accessories Stores	808,788	805,349	810,108	851,561	854,854
General Merchandise Stores	945,470	906,752	1,004,952	1,236,962	1,298,787
Food Services and Drinking Places	1,931,719	2,027,889	2,150,927	2,277,074	2,404,886
Other Retail Group	1,329,119	1,394,693	1,439,276	1,448,580	1,625,542
All Other Outlets	5,176,813	5,264,519	5,602,736	5,872,883	6,179,223
<b>Total All Outlets<sup>(2)</sup></b>	<b>\$ 15,478,010</b>	<b>\$ 15,658,573</b>	<b>\$ 16,552,584</b>	<b>\$ 17,547,097</b>	<b>\$ 18,168,258</b>

(1) Totals may not add due to rounding.

Source: Taxable Sales In California (Sales and Use Tax) Reports California State Board of Equalization.

## Construction Activity

The total valuation of building permits issued in the County amounted to approximately \$3.51 billion in 2018 for both residential and commercial construction. The following table provides a building permit valuation summary for the County.

**Table B-8**  
**COUNTY OF SAN MATEO**  
**NEW BUILDING PERMIT VALUATION**  
**2014 through 2018<sup>(1)</sup>**  
**(\$ in Thousands)**

<u>Type of Permit</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential:					
New Single-Dwelling	\$ 289,903	\$ 374,275	\$ 367,334	\$ 338,186	\$ 330,908
New Multi-Dwelling	168,859	259,181	252,560	210,997	195,226
Additions/ Alterations	348,231	408,011	395,240	503,351	424,805
Total Residential <sup>(2)</sup>	<u>\$ 806,993</u>	<u>\$ 1,041,467</u>	<u>\$ 1,015,135</u>	<u>\$ 1,052,535</u>	<u>\$ 950,939</u>
Non Residential:					
New Commercial	\$ 432,585	\$ 427,063	\$ 683,630	\$ 1,063,427	\$ 1,476,231
New Industrial	9,600	--	4,954	500	--
Other	84,241	94,031	195,895	279,183	106,875
Additions/Alterations	490,364	489,389	728,965	1,047,886	972,647
Total Non- Residential <sup>(2)</sup>	<u>\$ 1,016,790</u>	<u>\$ 1,010,485</u>	<u>\$ 1,613,445</u>	<u>\$ 2,390,996</u>	<u>\$ 2,555,752</u>
Total Valuation <sup>(2)</sup>	<u>\$ 1,823,783</u>	<u>\$ 2,051,952</u>	<u>\$ 2,628,580</u>	<u>\$ 3,443,530</u>	<u>\$ 3,506,691</u>

(1) Annual data is not yet available for 2019.

(2) Totals may not add up due to independent rounding.

Source: California Homebuilding Foundation I Construction Industry Research Board.

## Transportation

*San Francisco International Airport.* San Francisco International Airport (the "Airport") is located in an unincorporated area of the County. The Airport Council International reports that the Airport was the seventh busiest airport in the United States in terms of passenger volume in 2017. Fifty-two major passenger and commuter airlines fly from the Airport, and twenty-nine of them serve international destinations. The Airport served 57.6 million passengers in 2019, a decrease of 0.2% from 2017.

The Airport handled 564,521 metric tons of cargo in fiscal year ending June 30, 2019, a 0.6% increase over the previous fiscal year.

Although the Airport is owned and operated by the City and County of San Francisco, it plays a very significant part in the economy of the County. Air transportation is the County's largest single industry. According to an Economic Impact Study of the Airport's economic impact prepared in 2017 by the Economic Development Research Group, Inc., in 2016, approximately 41,000 people were employed directly at SFO by the airlines, cargo carriers, restaurants, aviation suppliers, ground transportation and other Airport-related businesses.

The following table presents certain data regarding the Airport for its five most recent fiscal years for which data is available.

**Table B-9**  
**SAN FRANCISCO INTERNATIONAL AIRPORT**  
**PASSENGER, CARGO AND MAIL DATA**

<b>Fiscal Year Ended June 30</b>	<b>Enplanements, Deplanements and In-transit Passengers</b>	<b>Freight and Express Air Cargo and U.S. and Foreign Mail (Metric Tons)</b>
2015	48,243,910	441,797
2016	51,421,348	442,689
2017	53,985,826	535,581
2018	57,780,300	561,150
2019	57,573,124	564,521

Source: Airport Authority of the City and County of San Francisco, Financial Statements with Schedule of Passenger Facility Charges and Expenditures for fiscal years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19.

*Port of Redwood City.* The Port of Redwood City (the “Port”) is also located in the County. The Port has a deep-water channel and handles bulk cargo including lumber and scrap metal. In its fiscal year ended June 30, 2019, the Port handled a total of 2.65 million metric tons of cargo according to the Port Authority’s most recent annual tonnage press release in July 2019.

*San Francisco Bay Area Rapid Transit District (“BART”).* The County is connected to downtown San Francisco and the East Bay by BART. In its fiscal year ending June 30, 2018 there were 33,170 station exits on an average weekday at the County’s six stations (Daly City, Colma, South San Francisco, San Bruno, Millbrae and the Airport). This represents a 2% increase from the prior fiscal year.

*Caltrain.* Caltrain, the three-county commuter railway system that runs between San Francisco and Gilroy, added its lines of express service from San Francisco to San Jose in 2004. Caltrain reported an average weekday ridership count of 65,095 passengers in its 2018 annual passenger count, a 1.5% increase from the prior year count. Average weekday ridership has increased by more than 171.8% since 2004.

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix E concerning DTC and DTC's book-entry system has been obtained from sources that Authority believes to be reliable, but Authority takes no responsibility for the accuracy thereof. The Authority takes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC's websites including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites. The Beneficial Owners of the 2020 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2020 Bond certificate will be issued for each maturity of the 2020 Bonds and will be deposited with DTC.

DTC, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). S&P Global Ratings has rated DTC "AA+." The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information set forth on such website is not incorporated herein by reference.

Purchases of the 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.



To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2020 Bonds documents. For example, Beneficial Owners of the 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption and tender notices shall be sent to DTC. If less than all of the 2020 Bonds of like maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the 2020 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**NEITHER AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.**

Authority, the Trustee and the Underwriters cannot and do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the 2020 Bonds paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Authority, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2020 Bonds or for an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2020 Bonds certificates are required to be printed and delivered.

Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2020 Bonds certificates will be printed and delivered to DTC.

**BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF 2020 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.**

**APPENDIX F**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

## APPENDIX G

### INFORMATION REGARDING THE CREDIT PROVIDER

Bank of America, N.A. (in this Appendix G, the “*Bank*”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “*Corporation*”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of September 30, 2019, the Bank had consolidated assets of \$1.813 trillion, consolidated deposits of \$1.447 trillion and stockholder’s equity of \$211.64 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “SEC”).

The SEC maintains a website at [www.sec.gov](http://www.sec.gov) which contains the filings that the Corporation files with the SEC such as reports, proxy statements and other documentation. The reports, proxy statements and other information the Corporation files with the SEC are also available at its website, [www.bankofamerica.com](http://www.bankofamerica.com).

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case, as filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporation  
Office of the Corporate Secretary/Shareholder Relations  
Hearst Tower, 214 North Tryon Street  
NC1-027-18-05  
Charlotte, NC 28255

PAYMENTS OF PRINCIPAL AND INTEREST ON THE 2020 BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE 2020 BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE 2020 BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to in this Appendix G is correct as of any time subsequent to the referenced date.

REIMBURSEMENT AGREEMENT

dated as of June 1, 2020,

between

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

and

BANK OF AMERICA, N.A.

relating to:

**[\$[Par Amount]**  
San Mateo County Transportation Authority  
Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds)  
2020 Series A and 2020 Series B

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## TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I	DEFINITIONS AND ACCOUNTING TERMS .....	1
Section 1.01.	Defined Terms .....	1
Section 1.02.	Other Interpretive Provisions .....	11
Section 1.03.	Accounting Terms.....	12
Section 1.04.	Rounding.....	12
Section 1.05.	Times of Day.....	12
ARTICLE II	LETTER OF CREDIT.....	12
Section 2.01.	Issuance of the Letter of Credit.....	12
Section 2.02.	Letter of Credit Drawings .....	12
Section 2.03.	Reimbursement of Liquidity Drawings under the Letter of Credit; Mandatory Redemption; Interest .....	12
Section 2.04.	Reimbursement of Drawings Other than Liquidity Drawings Creating Liquidity Advances under the Letter of Credit .....	15
Section 2.05.	Fee.....	15
Section 2.06.	Method of Payment, Etc. ....	15
Section 2.07.	Termination of Letter of Credit; Substitute Letter of Credit.....	15
Section 2.08.	Computation of Fees and Interest; Default Rate.....	15
Section 2.09.	Payment Due on Non-Business Day to Be Made on Next Business Day .....	16
Section 2.10.	Source of Funds .....	16
Section 2.11.	Evidence of Debt.....	16
Section 2.12.	Recapture .....	16
Section 2.13.	Extension of Stated Expiration Date.....	16
Section 2.14.	Amendments upon Extension .....	17
ARTICLE III	TAXES AND YIELD PROTECTION .....	17
Section 3.01.	Taxes .....	17
Section 3.02.	Increased Costs .....	17
Section 3.03.	Survival.....	18
ARTICLE IV	CONDITIONS PRECEDENT .....	18
Section 4.01.	Conditions Precedent to Issuance of the Letter of Credit .....	18
Section 4.02.	Conditions Precedent to Liquidity Advances and Term Loan.....	20
ARTICLE V	REPRESENTATIONS AND WARRANTIES.....	21
Section 5.01.	Existence and Power .....	21
Section 5.02.	Due Authorization.....	21
Section 5.03.	Valid and Binding Obligations .....	21
Section 5.04.	Noncontravention; Compliance with Law .....	22

Section 5.05.	Pending Litigation and Other Proceedings .....	22
Section 5.06.	Financial Statements .....	22
Section 5.07.	ERISA .....	22
Section 5.08.	No Defaults .....	22
Section 5.09.	Insurance .....	23
Section 5.10.	Title to Assets .....	23
Section 5.11.	Incorporation by Reference.....	23
Section 5.12.	Correct Information .....	23
Section 5.13.	Use of Proceeds; Margin Stock.....	24
Section 5.14.	Tax-Exempt Status.....	24
Section 5.15.	Usury.....	24
Section 5.16.	Security .....	24
Section 5.17.	Pending Legislation and Decisions .....	24
Section 5.18.	Bank Bonds .....	24
Section 5.19.	Paying Agent/Registrar; Remarketing Agent .....	25
Section 5.20.	Solvency.....	25
Section 5.21.	Environmental Matters.....	25
Section 5.22.	No Immunity.....	25
Section 5.23.	No Public Vote or Referendum.....	25
Section 5.24.	Swap Contracts .....	25
Section 5.25.	Sanctions Concerns and Anti-Corruption Laws .....	25
Section 5.26.	Taxes .....	26
Section 5.27.	Investment Company Act .....	26
ARTICLE VI	COVENANTS.....	26
Section 6.01.	Existence, Etc.....	26
Section 6.02.	Maintenance of Properties .....	26
Section 6.03.	Compliance with Laws; Taxes and Assessments.....	26
Section 6.04.	Insurance .....	26
Section 6.05.	Reports .....	26
Section 6.06.	Maintenance of Books and Records .....	28
Section 6.07.	Access to Books and Records .....	28
Section 6.08.	Compliance With Documents .....	28
Section 6.09.	Financial Covenants.....	29
Section 6.10.	No Impairment .....	29
Section 6.11.	Application of Bond Proceeds .....	29
Section 6.12.	Trustee.....	29
Section 6.13.	Limitation on Additional Debt.....	29
Section 6.14.	Related Documents .....	29
Section 6.15.	Liens.....	30
Section 6.16.	Conversions and Redemptions.....	30
Section 6.17.	Disclosure to Participants .....	30
Section 6.18.	Other Agreements .....	30
Section 6.19.	Immunity from Jurisdiction .....	30
Section 6.20.	Swap Contracts .....	31

Section 6.21.	Use of Bank’s Name .....	31
Section 6.22.	Maintenance of Tax-Exempt Status of Bonds .....	31
Section 6.23.	Investment Policy.....	31
Section 6.24.	Environmental Laws .....	31
Section 6.25.	Federal Reserve Board Regulations.....	31
Section 6.26.	Underlying Rating.....	31
Section 6.27.	Selection of Bonds for Redemption or Purchase .....	31
Section 6.28.	Remarketing Agent .....	32
Section 6.29.	Bank Bonds.....	32
Section 6.30.	Sanctions .....	32
Section 6.31.	Anti-Corruption Laws.....	32
ARTICLE VII	EVENTS OF DEFAULT .....	32
Section 7.01.	Events of Default .....	32
Section 7.02.	Remedies.....	35
ARTICLE VIII	MISCELLANEOUS .....	35
Section 8.01.	Amendments, Etc.....	35
Section 8.02.	Notices; Effectiveness; Electronic Communications.....	35
Section 8.03.	No Waiver; Cumulative Remedies .....	37
Section 8.04.	Expenses; Indemnity.....	37
Section 8.05.	Obligations Absolute .....	39
Section 8.06.	Payments Set Aside.....	39
Section 8.07.	Successors and Assigns.....	40
Section 8.08.	Treatment of Certain Information; Confidentiality.....	41
Section 8.09.	Right of Setoff.....	42
Section 8.10.	Counterparts; Integration; Effectiveness.....	42
Section 8.11.	Survival of Representations and Warranties.....	43
Section 8.12.	Severability .....	43
Section 8.13.	Governing Law; Jurisdiction; Etc. ....	43
Section 8.14.	Waiver of Jury Trial.....	44
Section 8.15.	No Advisory or Fiduciary Relationship.....	44
Section 8.16.	Electronic Execution of Certain Documents.....	45
Section 8.17.	USA Patriot Act .....	45
Section 8.18.	Time of the Essence .....	45
Section 8.19.	Further Assurances.....	46
Section 8.20.	No Third-Party Rights.....	46
Section 8.21.	US QFC Stay Rules .....	46



EXHIBIT A	–	Form of Compliance Certificate
SCHEDULE 8.02	–	Notices
APPENDIX I	–	Form of Irrevocable Transferable Letter of Credit
APPENDIX II	–	Form of Custody Agreement

## REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT dated as of June 1, 2020 (as amended, modified or restated from time to time, this “*Agreement*”), is between the SAN MATEO COUNTY TRANSPORTATION AUTHORITY and BANK OF AMERICA, N.A.

### WITNESSETH:

WHEREAS, the Issuer (such term and each other capitalized term used herein having the meaning set forth in Article I hereof) desires to secure a source of funds to be devoted exclusively to the payment by the Trustee, when and as due, of the principal of or portion of the purchase price corresponding to the principal of the Bonds and interest on the Bonds, and has applied to the Bank for the issuance by the Bank of the Letter of Credit in the original stated amount of \$[**Stated Amount**]; and

WHEREAS, the Bank has been requested by the Issuer to provide a liquidity facility in the form of a Liquidity Drawing under the Letter of Credit.

WHEREAS, the Bank has agreed to issue the Letter of Credit and to provide such liquidity facility in the following manner and subject to the following terms and conditions. Accordingly, the Issuer and the Bank hereby agree as follows:

## ARTICLE I

### DEFINITIONS AND ACCOUNTING TERMS

*Section 1.01. Defined Terms.* In addition to the terms defined in the Indenture, the following terms shall have the meanings set forth below:

“*Act*” means the Bay Area County Traffic and Transportation Funding Act, Division 12.5 (Section 131000 et seq.) of the Public Utilities Code of the State as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“*Agreement*” has the meaning set forth in the introductory paragraph hereof.

“*Alternate Credit Enhancement*” has the meaning set forth in the Indenture.

“*Audited Financial Statements*” means the audited consolidated balance sheet of the Issuer for the fiscal year ended June 30, 2019, and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Issuer, including the notes thereto.

“*Available Amount*” has the meaning set forth in the Letter of Credit.

“*Bank*” means Bank of America, N.A., and its successors and assigns.

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement (such as a continuing covenant agreement or supplemental bondholder’s agreement), bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) (i) to make or provide funds to make, payment of, (ii) to purchase or (iii) to provide credit enhancement for bonds, notes or other obligations of the Issuer.

“*Bank Bonds*” has the same meaning given to the term “2020 Credit Facility Bonds” as set forth in the Indenture.

“*Bank Rate*” means the rate of interest per annum with respect to a Liquidity Advance (i) for any day commencing on the date such Liquidity Advance is made up to and including the earlier of (x) the ninetieth (90th) day next succeeding the date such Liquidity Advance was made or (y) the Term Loan Commencement Date, equal to the Base Rate from time to time in effect, and (ii) for any day commencing on or after the earlier of (x) the ninetieth (90th) day next succeeding the date such Liquidity Advance was made or (y) the Term Loan Commencement Date and at all times thereafter, equal to the Base Rate from time to time in effect *plus* one percent (1.00%); *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “*Bank Rate*” shall mean the Default Rate; *provided, further*, that in no event shall the Bank Rate be less than the applicable rate on any Bonds which are not Bank Bonds.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.00%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.00%), and (iii) seven percent (7.00%).

“*Bonds*” means 2020 Series A Bonds and the 2020 Series B Bonds.

“*Business Day*” has the meaning set forth in the Letter of Credit.

“*Change in Law*” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority;

provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “*Change in Law*”, regardless of the date enacted, adopted or issued.

“*Closing Date*” has the meaning set forth in Section 4.01(a) hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Collateral*” has the meaning set forth in Section 2.03(f) hereof.

“*Compliance Certificate*” means a certificate substantially in form of Exhibit A hereto.

“*Conversion Date*” means the date on which the interest rate borne by the Bonds is converted to a rate other than the Weekly Rate or Daily Rate.

“*Custody Agreement*” means that certain Custody Agreement dated as of the Closing Date between the Bank and the Trustee in substantially the form of Appendix II hereto.

“*Daily Rate*” has the meaning set forth in the Indenture.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements, bank agreements or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business and not past due for more than 60 days after the date on which such trade account was created), (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons, (g) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments and (h) all net obligations of such Person under any Swap Contract.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“*Default*” means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“*Default Rate*” means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus four percent (4.00%).

“*Designated Jurisdiction*” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“*DTC*” means The Depository Trust Company.

“*Environmental Laws*” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“*ERISA*” means the Employee Retirement Income Security Act of 1974.

“*ERISA Affiliate*” means any trade or business (whether or not incorporated) under common control with the Issuer within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Excess Interest*” has the meaning set forth in Section 2.12 thereof.

“*Federal Funds Rate*” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by the Bank. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

“*Fee Letter*” means that certain Fee Letter dated the Closing Date between the Bank and the Issuer.

“*Fiscal Year*” means the twelve-month period from July 1 through the following June 30.

“*Fitch*” means Fitch, Inc., and any successor-rating agency.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Issuer, including, without limitation, those principles set forth in the statements and pronouncement of the Government Accounting Standards Board.

“*Governmental Approval*” means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to any Governmental Authority.

“*Governmental Authority*” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or the European Central Bank).

“*Guarantee*” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “*Guarantee*” as a verb has a corresponding meaning.

“*Indemnitee*” has the meaning set forth in Section 8.04 hereof.

“*Indenture*” means the Indenture dated as of June 1, 2020, between the Issuer and the Trustee, as modified by the Supplemental Indenture, and as the same may be further amended, supplemented, restated and modified from time to time pursuant to the terms thereof and hereof.

“*Ineligible Bonds*” means Bank Bonds, Issuer Bonds or Bonds bearing interest at a rate other than the Weekly Rate or the Daily Rate, as applicable.

“*Interest Payment Date*” has the meaning set forth in the Indenture.

“*Issuer*” means the San Mateo County Transportation Authority, a public entity duly established and existing under the laws of the State, and any permitted successor or assign thereof hereunder.

“*Issuer Representative*” means the Chief Financial Officer or Director of Treasury, or any other person designated to act on behalf of the Issuer by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by an Issuer Representative.

“*Issuer Bonds*” means (i) Bonds owned or held by the Issuer or held by the Trustee, or its agents, for the account of the Issuer or (ii) Bonds which the Issuer has notified the Trustee, or which the Trustee knows, were purchased by another Person for the account of the Issuer with moneys furnished by the Issuer.

“*Laws*” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Letter of Credit*” means the direct pay letter of credit supporting the Bonds issued by the Bank for the account of the Issuer in favor of the Trustee pursuant to this Agreement in the form of Appendix I hereto with appropriate insertions, as amended from time to time.

“*Letter of Credit Fees*” has the meaning set forth in the Fee Letter.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“*Liquidity Advance*” has the meaning set forth in Section 2.03(a) hereof.

“*Liquidity Drawing*” means a drawing under the Letter of Credit to pay the purchase price and accrued interest of Bonds tendered to purchase that have not been successfully remarketing or for which the purchase price has not been received by the Trustee.

“*Margin Stock*” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“*Material Adverse Effect*” means: (a) a material impairment of the ability of the Issuer to perform its obligations under any Related Document to which it is a party; or (b) a material adverse effect upon the legality, validity, binding effect or enforceability against the Issuer of any Related Document to which it is a party or the rights, security, interests or remedies of the Bank hereunder or under any other Related Document.

“*Maximum Interest Rate*” means the lesser of (i) the maximum rate of interest on the relevant obligation permitted by applicable law and (ii) twelve percent (12%) per annum.

“*Measure A Sales Tax Revenues*” has the meaning set forth in the Indenture.

“*Measure A Intercept Agreement*” means that certain Amended and Restated Agreement for State Administration of District Transactions and Use Taxes entered into as of [\_\_\_\_\_], 2020, by and among the California Department of Tax and Fee Administration (as successor to the State Board of Equalization) and the Issuer and acknowledged by The Bank of New York Mellon Trust Company, N.A., as the same may be amended, modified, supplemented or restated.

“*Measure W Sales Tax Revenues*” has the meaning set forth in the Indenture.

“*Measure W Intercept Agreement*” means that Amended and Restated Agreement for State Administration of District Transactions and Use Taxes entered into as of [\_\_\_\_\_], 2020, by and among the California Department of Tax and Fee Administration (as successor to the State Board of Equalization) and the San Mateo County Transit District and acknowledged by The Bank of New York Mellon Trust Company, N.A., as the same may be amended, modified, supplemented or restated.

“*Measure W Transfer Agreement*” means the Measure W Sales Tax Transfer Agreement, dated as of June 1, 2020, by and among the San Mateo County Transit District, The Bank of New York Mellon Trust Company, N.A., as the collection agent, and the Issuer, as the same may be amended, modified, supplemented or restated.

“*Moody’s*” means Moody’s Investors Service, Inc., and any successor rating agency.

“*Multiemployer Plan*” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Issuer or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.



“*Multiple Employer Plan*” means a Plan which has two or more contributing sponsors (including the Issuer or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“*Obligations*” means the Bank Bonds, the Liquidity Advances, the Term Loans, the Letter of Credit Fees, the Reimbursement Obligations and all other obligations of the Issuer to the Bank arising under or in relation to this Agreement or any other Related Document.

“*OFAC*” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“*Official Statement*” means the Official Statement dated June \_\_, 2020, relating to the Bonds.

“*Outstanding*” has the meaning set forth in the Indenture.

“*Owner*” has the meaning set forth in the Indenture.

“*Parity Debt*” means any Debt issued or incurred by or on behalf of the Issuer and payable from or secured by a Lien on any portion of the Revenues securing the payment of the principal and purchase price of and interest on the Bonds and the obligations under this Agreement.

“*Patriot Act*” has the meaning set forth in Section 8.17 hereof.

“*Pension Plan*” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Issuer and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“*Person*” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“*Plan*” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Issuer or any ERISA Affiliate or any such Plan to which the Issuer or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“*Prime Rate*” means on any day, the rate of interest in effect for such day as publicly announced from time to time by the Bank as its “prime rate.” The “*prime rate*” is a rate set by the Bank based upon various factors including the Bank’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Rating Agency*” means any of Fitch, Moody’s or S&P, as applicable.

“*Recipient*” means the Bank or any other recipient of any payment to be made by or on account of any obligation of the Issuer hereunder.

“*Reimbursement Obligations*” means, collectively, any and all obligations of the Issuer to reimburse the Bank for any drawings under the Letter of Credit and all obligations to repay the Bank for any Liquidity Advance or Term Loan, including in each instance all interest accrued thereon.

“*Related Documents*” means this Agreement, the Indenture, the Bonds, the Bond Purchase Agreement, the Remarketing Agreement, the Custody Agreement, the Letter of Credit, the Fee Letter, the Measure A Intercept Agreement, the Measure W Intercept Agreement, the Measure W Transfer Agreement, the Resolution and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing permitted hereunder and thereunder.

“*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“*Remarketing Agent*” means BofA Securities, Inc. for the 2020 Series A Bonds and J.P. Morgan Securities L.L.C. for the 2020 Series B Bonds.

“*Remarketing Agreement*” means each Remarketing Agreement, dated as of June 1, 2020, between the Remarketing Agent and the Issuer, including any supplement thereto or amendment thereof entered into in accordance with the provisions hereof and thereof.

**[“*Resolution*” means that certain Resolution No. 2020-\_\_ of the Board of Directors of the Issuer, adopted on [\_\_\_\_], 2020.]**

“*Revenues*” has the meaning set forth in the Indenture.

“*Sanction(s)*” means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“*S&P*” means S&P Global Ratings, and any successor rating agency.

“*Senior Bonds*” has the meaning set forth in the Indenture.

“*Senior Debt*” means Senior Bonds and Senior Obligations.

“*Senior Obligations*” has the meaning set forth in the Indenture.

“*State*” means the State of California.

“*Stated Expiration Date*” has the meaning set forth in the Letter of Credit.

“*Supplemental Indenture*” means that certain First Supplemental Indenture dated as of June 1, 2020, between the Issuer and the Trustee.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Term Loan*” has the meaning set forth in Section 2.03(b) hereof.

“*Term Loan Commencement Date*” has the meaning set forth in Section 2.03(b) hereof.

“*Term Loan Maturity Date*” means, with respect to any Term Loan, the earliest to occur of: (i) the third (3rd) anniversary of the related Term Loan Commencement Date, (ii) the third (3rd) anniversary of the Stated Expiration Date as in effect on the date on which the related Term Loan was made, (iii) the date on which an Alternate Credit Enhancement becomes effective with respect to the Bonds, and (iv) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated prior to the Stated Expiration Date, including as a result of the occurrence of an Event of Default.

“*Termination Date*” has the meaning set forth in the Letter of Credit.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A.

“*2020 Series A Bonds*” means the Issuer’s Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds) 2020 Series A.

“2020 Series B Bonds” means the Issuer’s Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds) 2020 Series B.

“United States” and “U.S.” means the United States of America.

“Weekly Rate” has the meaning set forth in the Indenture.

*Section 1.02. Other Interpretive Provisions.* With reference to this Agreement and each other Related Document, unless otherwise specified herein or in such other Related Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Related Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Related Document, shall be construed to refer to such Related Document in its entirety and not to any particular provision thereof, (iv) all references in a Related Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Related Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(c) Section headings herein and in the other Related Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Related Document.

*Section 1.03. Accounting Terms.* All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, *except* as otherwise specifically prescribed herein.

*Section 1.04. Rounding.* Any financial ratios required to be maintained by the Issuer pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

*Section 1.05. Times of Day.* Unless otherwise specified, all references herein to times of day shall be references to Pacific time (daylight or standard, as applicable).

## ARTICLE II

### LETTER OF CREDIT

*Section 2.01. Issuance of the Letter of Credit.* Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit (substantially in the form of Appendix I hereto). The Letter of Credit shall be in the original stated amount of \$\_\_\_\_\_, which is the sum of (i) the principal amount of the Bonds Outstanding on the Closing Date, plus (ii) interest thereon at 12% for a period of \_\_\_ days.

*Section 2.02. Letter of Credit Drawings.* The Trustee is authorized to make drawings under the Letter of Credit in accordance with the terms thereof. No drawing shall be made under the Letter of Credit for the payment of principal of or interest on Ineligible Bonds. The Issuer hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Issuer hereby irrevocably approves reductions and reinstatements of the Available Amount of the Letter of Credit as provided in the Letter of Credit.

*Section 2.03. Reimbursement of Liquidity Drawings under the Letter of Credit; Mandatory Redemption; Interest.* (a) If the conditions precedent contained in Section 4.02 hereof are satisfied at the time of payment by the Bank of any Liquidity Drawing, each Liquidity Drawing paid under the Letter of Credit shall, at the time of drawing, constitute an advance (“*Liquidity Advance*”) to the Issuer. The Issuer promises to pay to the Bank the portion of each Liquidity Advance representing the interest component of the purchase price of the Bonds (or a pro rata portion thereof in the event of a partial remarketing or purchase of such Bonds on the date specified in (iv) below), including interest thereon, on the earlier of (i) subject to Section 2.03(b) hereof, the ninetieth (90th) day following the date such Liquidity Advance is made, (ii) the Conversion Date, (iii) the date on which the Bonds purchased in connection with such Liquidity Drawing are redeemed pursuant to the Indenture, (iv) the date on which such Bonds, or portions thereof, are remarketed by the Remarketing Agent on behalf of the Issuer or

purchased by the Issuer or otherwise sold at the direction of the Bank, (v) the regularly scheduled Interest Payment Date for the Bonds next succeeding the date on which such Liquidity Advance was made and (vi) the date on which the Letter of Credit is replaced by an Alternate Credit Enhancement in accordance with the terms of Section 2.07 hereof. The Issuer promises to pay to the Bank the portion of each Liquidity Advance representing the principal component of the purchase price of the Bonds (or a pro rata portion thereof in the event of a partial remarketing or purchase of Bonds on the date specified in (iv) below), including interest thereon, on the earlier of (i) subject to Section 2.03(b) hereof, the ninetieth (90th) day following the date such Liquidity Advance is made, (ii) the Conversion Date, (iii) the date on which the Bonds purchased in connection with such Liquidity Drawing are redeemed pursuant to the Indenture, (iv) the date on which such Bonds, or portions thereof, are remarketed or purchased by the Issuer or otherwise sold at the direction of the Bank, or (v) the date on which the Letter of Credit is replaced by an Alternate Credit Enhancement in accordance with the terms of Section 2.07 hereof. The Issuer promises to pay to the Bank interest on the unpaid principal amount of each Liquidity Advance from the date such Liquidity Advance is made until such Liquidity Advance is paid in full as provided herein, at a rate per annum equal to the Bank Rate from time to time in effect, payable in arrears. Such interest shall be payable monthly on the first Business Day of each calendar month (and if such day is not a Business Day then the next succeeding Business Day) and on the date on which such Liquidity Advance is payable in full as provided herein. Any Liquidity Advance not paid when due shall bear interest at the Default Rate.

(b) If on the earlier to occur of the ninetieth (90th) cumulative day that any Liquidity Advance has been outstanding hereunder and the Termination Date of the Letter of Credit (the "*Term Loan Commencement Date*") the conditions precedent set forth in Section 4.02 hereof are satisfied, any Liquidity Advance originating or outstanding on the Term Loan Commencement Date shall immediately convert into a term loan (the "*Term Loan*"). The principal amount of each Term Loan is payable in equal quarterly installments, on each three (3) month anniversary of the Term Loan Commencement Date; *provided* that the unpaid principal amount of all outstanding Term Loans shall be payable in full on the related Term Loan Maturity Date. The Issuer promises to pay to the Bank interest on the unpaid principal amount of each Term Loan from the date such Term Loan is made until such Term Loan is paid in full as provided herein, at a rate per annum equal to the Bank Rate from time to time in effect, payable in arrears. Such interest shall be payable monthly on the first Business Day of each calendar month (and if such day is not a Business Day then the next succeeding Business Day) and on the date on which such Term Loan is payable in full as provided herein. Any Term Loan not paid when due shall bear interest at the Default Rate.

(c) Any Liquidity Advance or Term Loan created pursuant to paragraph (a) or (b) above may be prepaid in whole or in part at any time without premium or penalty on any Business Day.

(d) Upon the honoring by the Bank of any Liquidity Drawing under the Letter of Credit, there shall be delivered to the Trustee pursuant to the terms of the Custody Agreement, as agent for the Bank, registered in the name of the Bank, as pledgee, in duly transferable form, all Bank Bonds purchased in connection with the related Liquidity Drawing as collateral security for the Obligations. During such time as the Bonds constitute Bank Bonds, the Bank shall have all

of the rights granted to an Owner under the Indenture and such additional rights as may be granted to the Bank hereunder. The obligations of the Issuer to pay each Liquidity Advance and Term Loan may be satisfied by the payments of principal and interest on the Bonds which were delivered in respect of such Liquidity Advance, according to their terms, the terms of the Indenture, and the terms hereof. To the extent the Bank (or the Custodian on behalf of the Bank) actually receives payment in respect of principal of or interest on any Bond held by the Bank, including pursuant to subsection (e) below, the Liquidity Advance or Term Loan, as applicable, made in connection with the purchase of such Bond shall be deemed to have been reduced *pro tanto*, with the Bank crediting any interest payment on the Bond received by the Bank (or the Custodian on behalf of the Bank) first to the payment of interest on such Liquidity Advance or Term Loan and then to the payment of principal thereof and crediting any principal repayment received to the principal thereof.

(e) The principal amount of each Term Loan, together with all accrued and unpaid interest thereon, shall be prepaid in full by the Issuer on the earliest of (i) the occurrence of the Termination Date of the Letter of Credit for any reason other than the occurrence of the Stated Expiration Date, (ii) the Conversion Date, (iii) the date on which such Bonds are to be redeemed pursuant to the Indenture, (iv) the date on which the related Letter of Credit is replaced by a substitute letter of credit in accordance with the terms of Section 2.07 hereof or (v) the related Term Loan Maturity Date, by paying, or causing to be paid, to the Bank in immediately available funds an amount equal to the aggregate unpaid principal of and accrued interest on such Bonds.

(f) As security for the Obligations, the Issuer hereby pledges, assigns, hypothecates, transfers and delivers to the Bank all its right, title and interest to, and hereby grants to the Bank a first lien on, and security interest in, all right, title and interest of the Issuer in and to the following (the “*Collateral*”):

(a) all Bank Bonds which may from time to time have been purchased with proceeds of drawings under the Letter of Credit (the “*Bank Bonds*”);

(b) all income, earnings, profits, interest, premium or other payments in whatever form in respect of the Bank Bonds;

(c) all proceeds (cash and non-cash) arising out of the sale, exchange, collection, enforcement or other disposition of all or any portion of the Bank Bonds;

as collateral security for the prompt and complete payment when due of all Obligations. The Issuer covenants that the pledge, assignment and delivery of the Collateral hereunder will create a valid, perfected, first priority security interest in all right, title or interest of the Issuer in or to such Collateral, and the proceeds thereof, subject to no prior Lien. Upon the occurrence of any Event of Default, in addition to the rights and remedies granted to the Bank hereunder, the Bank shall have with regard to the Collateral all rights and remedies of a secured party under the applicable Uniform Commercial Code. Bank Bonds shall be released from the pledge and security interest created hereunder and the Custody Agreement upon satisfaction of the Obligations with respect to such Bank Bonds, and reinstatement of the Letter of Credit in the amount of any drawing thereunder to satisfy the Obligations.

*Section 2.04. Reimbursement of Drawings Other than Liquidity Drawings Creating Liquidity Advances under the Letter of Credit.* The Issuer agrees to immediately reimburse (or cause to be immediately reimbursed) the Bank for the full amount of any Liquidity Drawing (but only if the conditions precedent contained in Section 4.02 hereof are not satisfied on the date of payment by the Bank of such Liquidity Drawing) and all other drawings made under the Letter of Credit on the date of payment of each such drawing. If the Issuer does not make such reimbursement on such date, the Reimbursement Obligation of the Issuer shall bear interest at the Default Rate, payable on demand; *provided, however*, that in no event shall the Default Rate exceed the Maximum Interest Rate.

*Section 2.05. Fees.* The Issuer hereby agrees to perform the obligations provided for in the Fee Letter, including, without limitation, the payment of any and all fees provided for therein. The terms of the Fee Letter are incorporated by reference herein.

*Section 2.06. Method of Payment, Etc.* All payments to be made by the Issuer under this Agreement shall be made to the Bank not later than 2:00 p.m. on the date when due and shall be made in lawful money of the United States of America and in immediately available funds.

*Section 2.07. Termination of Letter of Credit; Substitute Letter of Credit.* Notwithstanding any provisions of this Agreement to the contrary, the Issuer agrees not to terminate this Agreement or the Letter of Credit or permanently reduce the Available Amount, except upon (i) the payment by the Issuer to the Bank of a Termination or Reduction Fee, if any, in the amount set forth in Section 1.4 of the Fee Letter, (ii) the payment to the Bank of all Obligations payable hereunder and (iii) the Issuer providing the Bank with thirty (30) days prior written notice of its intent to terminate this Agreement and the Letter of Credit or permanently reduce the Available Amount; *provided* that all payments to the Bank referred to in clause (i) and (ii) above shall be made in immediately available funds; *provided further, however*, that any such termination of this Agreement or the Letter of Credit or the permanent reduction of the Available Amount shall be in compliance with the terms and conditions of the Indenture and the Letter of Credit. The Issuer agrees that any termination of the Letter of Credit as a result of the provision of any Alternate Credit Enhancement will require, as a condition thereto, that the Issuer or the issuer of any Alternate Credit Enhancement will provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at the time of termination of such Letter of Credit all Obligations due and owing to the Bank hereunder.

*Section 2.08. Computation of Fees and Interest; Default Rate.* (a) All computations of fees payable under this Agreement and the Fee Letter shall be made on the basis of a three hundred sixty (360) day year and actual days elapsed. All computations of interest payable under the Agreement shall be computed on the basis of a year of 365 or 366 days, as applicable, and actual days elapsed. Interest and fees shall accrue during each period during which interest or fees, as applicable, is computed from and including the first day thereof to but excluding the last day thereof. Each determination by the Bank of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error. All fees payable pursuant to this Agreement and the Fee Letter shall be deemed fully earned when due and non-returnable when paid.



(b) If any amount payable by the Issuer hereunder or under the Fee Letter is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at all times equal to the Default Rate.

*Section 2.09. Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

*Section 2.10. Source of Funds.* All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank and not from any other Person.

*Section 2.11. Evidence of Debt.* The Reimbursement Obligations shall be evidenced by one or more accounts or records maintained by the Bank in the ordinary course of business. The accounts or records maintained by the Bank shall be conclusive absent manifest error of the amount of the Reimbursement Obligations owing by the Issuer and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Issuer hereunder to pay any amount owing with respect to the Obligations.

*Section 2.12. Recapture.* If the rate of interest payable hereunder or under the Fee Letter shall exceed the Maximum Interest Rate for any period for which interest is payable, then (i) interest at the Maximum Interest Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and of the Fee Letter (without regard to any limitation otherwise imposed by the Maximum Interest Rate) and (B) the Maximum Interest Rate (the "Excess Interest"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof and of the Fee Letter (without regard to any limitation otherwise imposed by the Maximum Interest Rate) ceases to exceed the Maximum Interest Rate, at which time the Issuer shall pay to the Bank, to the extent permitted by law at that time, with respect to amounts then payable to the Bank that are required to accrue interest hereunder and under the Fee Letter, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Interest Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder and under the Fee Letter until all deferred Excess Interest is fully paid to the Bank. Upon the termination of the Letter of Credit and this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder and under the Fee Letter, the Issuer shall pay to the Bank a fee equal to the amount of all deferred Excess Interest.

*Section 2.13. Extension of Stated Expiration Date.* The Stated Expiration Date may be extended by the Bank, at its option and in its sole discretion, for an additional period acceptable to the Bank, upon the written request of the Issuer received by the Bank no earlier than one hundred twenty (120) days and no later than ninety (90) days prior to the Stated Expiration Date then in effect. If the Bank, in its sole discretion, elects to extend the Stated Expiration Date, the Bank shall deliver to the Trustee a Notice of Extension in the form of Annex J to the Letter of

Credit (herein referred to as a “*Notice of Extension*”) within thirty (30) days following the receipt of such written request designating the date to which the Stated Expiration Date is being extended. Failure to deliver a Notice of Extension by the Bank within such thirty (30) day period shall be deemed to be a decision by the Bank not to extend the Stated Expiration Date. Subject to the last sentence of this Section, such extension of the Stated Expiration Date shall be effective, immediately upon receipt of such Notice of Extension and thereafter all references in this Agreement to the Stated Expiration Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to the Trustee. Any date to which the Stated Expiration Date has been extended in accordance with this Section 2.13 may be further extended in like manner.

*Section 2.14. Amendments upon Extension.* Upon any extension of the Stated Expiration Date pursuant to Section 2.13 hereof, the Bank and the Issuer reserve the right to renegotiate any provision hereof; *provided, however,* any amendments reflecting such renegotiation shall be subject to the provisions of Section 8.01 hereof.

### ARTICLE III

#### TAXES AND YIELD PROTECTION

*Section 3.01. Increased Costs.*

(a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Bank;

(ii) subject any Recipient to any taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on the Bank or the London interbank market any other condition, cost or expense affecting this Agreement, the Fee Letter or the Letter of Credit or any participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank of participating in, issuing or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank hereunder (whether of principal, interest or any other amount) then, upon request of the Bank, the Issuer will pay to the Bank such additional amount or amounts as will compensate the Bank for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If the Bank determines that any Change in Law affecting the Bank or the Bank’s holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Bank’s capital or liquidity or on the capital or liquidity of the Bank’s holding company, if any, as a consequence of this Agreement,

the Fee Letter or the Letter of Credit issued by the Bank, to a level below that which the Bank or the Bank's holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's holding company with respect to capital adequacy), then from time to time the Issuer will pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Bank setting forth the amount or amounts necessary to compensate the Bank or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Issuer shall be conclusive absent manifest error. The Issuer shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Bank to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's right to demand such compensation; *provided* that the Issuer shall not be required to compensate the Bank pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that the Bank, notifies the Issuer of the Change in Law giving rise to such increased costs or reductions and of the Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

*Section 3.02. Survival.* All of the Issuer's obligations under this Article III shall survive termination of this Agreement, the cancellation of the Letter of Credit and the repayment, satisfaction or discharge of all other Obligations.

## ARTICLE IV

### CONDITIONS PRECEDENT

*Section 4.01. Conditions Precedent to Issuance of the Letter of Credit.* As conditions precedent to the obligation of the Bank to issue the Letter of Credit:

(a) the Issuer shall provide to the Bank on the date of the issuance of the Letter of Credit (the "*Closing Date*"), in form and substance satisfactory to the Bank and its counsel:

(i) a written opinion of counsel to the Issuer, dated the *Closing Date*, with respect to matters as the Bank may reasonably request;

(ii) the written opinions of Norton Rose Fulbright, bond counsel to the Issuer, dated the *Closing Date*, covering such matters as the Bank may reasonably request;

(iii) a certificate, signed by a duly authorized officer of the Issuer, dated the Closing Date, stating that on the Closing Date:

(1) the representations and warranties of the Issuer contained in Article V hereof are correct on and as of the Closing Date as though made on such date;

(2) no Event of Default has occurred and is continuing, or would result from the issuance of the Letter of Credit or the execution, delivery and performance of this Agreement, and no event has occurred and is continuing which would constitute an Event of Default but for the requirement that notice be given or time elapse or both; and

(3) all conditions precedent to the issuance of the Letter of Credit set forth in this Article IV have been satisfied.

(iv) executed originals of this Agreement, and certified copies of the other Related Documents;

(v) evidence of due authorization, execution and delivery by the parties thereto of the Related Documents, which Related Documents shall be in form and substance satisfactory to the Bank and its special counsel;

(vi) a copy of resolutions of the board of directors of the Issuer, certified as of the date of the Letter of Credit by an Issuer Representative of the Issuer authorizing, among other things, the execution, delivery and performance by the Issuer of this Agreement and the other Related Documents or amendments thereto required to be delivered on the Closing Date and authorizing the Issuer to obtain the issuance of the Letter of Credit;

(vii) true and correct copies of all governmental approvals necessary for the Issuer to enter into this Agreement and the transactions contemplated by this Agreement;

(viii) a certificate of an Issuer Representative certifying the name, title, office and true signatures of the officers of the Issuer authorized to sign this Agreement;

(ix) written evidence satisfactory to the Bank that a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., for Bank Bonds;

(x) evidence satisfactory to the Bank that the outstanding Bonds have been assigned a long-term rating of “\_\_” by S&P; and

(xi) a copy of the Issuer's investment policy, guidelines and permitted investments, each in form and substance satisfactory to the Bank;

(xii) the Bank shall have determined (in its sole discretion) that no material adverse change in the ratings, financial condition, business, assets, liabilities or prospects of the Issuer shall have occurred since June 30, 2019, except as disclosed in writing by the Issuer to the Bank prior to the Closing Date or as disclosed in the offering documents or material adverse event notices, which would be reasonably likely to result in a Material Adverse Effect;

(xiii) the Bank shall have received copies of the audited financial statements for the Issuer for the fiscal year ended June 30, 2019;

(xiv) evidence of the appointment of the Trustee and the Remarketing Agent;

(xv) such other documents, certificates and opinions as the Bank or its special counsel may reasonably request;

(b) the Bank shall have received from the Issuer the fees payable pursuant to the Fee Letter;

(c) no law, regulation, ruling or other action of the United States, the State or the State of New York or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Bank from fulfilling their respective obligations under this Agreement; and

(d) all legal requirements provided herein incident to the execution, delivery and performance of the Related Documents, and the transactions contemplated thereby, shall be reasonably satisfactory to the Bank and its special counsel.

*Section 4.02. Conditions Precedent to Liquidity Advances and Term Loan.* Following any payment by the Bank under the Letter of Credit pursuant to a Liquidity Drawing, a Liquidity Advance and the related Term Loan shall be made available to the Issuer *only if* on the date of payment of such Liquidity Drawing by the Bank or on the Term Loan Commencement Date, as applicable, the following statements shall be true:

(a) the representations and warranties of the Issuer contained in Article V of this Agreement and in the other Related Documents are correct in all material respects on and as of the date of such payment as though made on and as of such date; and

(b) no event has occurred and is continuing, or would result from such payment, which constitutes a Default or Event of Default.

Unless the Issuer shall have previously advised the Bank in writing that one or both of the above statements is no longer true, the Issuer shall be deemed to have represented and warranted on the date of such payment that both of the above statements are true and correct.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants as of the Closing Date (and such representations and warranties shall also be deemed to be remade at the time of each drawing under the Letter of Credit) to the Bank as follows:

*Section 5.01. Existence and Power.* The Issuer is a public entity duly organized, validly existing and in good standing under the Laws of the State and has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

*Section 5.02. Due Authorization.* (a) The Issuer has the corporate power, and has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms. The Issuer has approved the form of the Related Documents to which it is not a party.

(b) The Issuer is duly authorized and licensed to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such business activity and the departments, agencies and political subdivisions thereof, and the Issuer has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Issuer to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Issuer of this Agreement or the due execution, delivery or performance by the Issuer of the Related Documents.

*Section 5.03. Valid and Binding Obligations.* This Agreement has been duly executed and delivered by one or more duly authorized officers of the Issuer, and each of the Related Documents to which the Issuer is a party, when executed and delivered by the Issuer will be, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general

principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

*Section 5.04. Noncontravention; Compliance with Law .* (a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the Issuer's authorizing legislation, (ii) require any consent or approval of any creditor of the Issuer, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the Issuer is a party or by which it or any of its Property may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the Issuer or any Affiliate thereof except such Liens, if any, expressly created by a Related Document.

(b) The Issuer is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

*Section 5.05. Pending Litigation and Other Proceedings.* There is no action, suit or proceeding pending in any court, any other Governmental Authority with jurisdiction over the Issuer or any arbitration in which service of process has been completed against the Issuer or, to the knowledge of the Issuer, any other action, suit or proceeding pending or threatened in any court, any other Governmental Authority with jurisdiction over the Issuer or any arbitrator, in either case against the Issuer or any of its properties or revenues, or any of the Related Documents to which it is a party which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Closing Date as to which the Bank has received an opinion of counsel satisfactory to the Bank, in form and substance satisfactory to the Bank and the Bank's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

*Section 5.06. Financial Statements.* The Audited Financial Statements, which financial statements, accompanied by the audit report of Vaverinek, Trine, and Day & Co. LLP, heretofore furnished to the Bank, which are consistent in all material respects with the audited financial statements of the Issuer for the Fiscal Year ended June 30, 2019, fairly present the financial condition of the Issuer in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since the date of the Audited Financial Statements, there has been no material adverse change in the financial condition or operations of the Issuer that could reasonably be expected to result in a Material Adverse Effect.

*Section 5.07. ERISA.* The Issuer is not subject to ERISA and maintains no Plans.

*Section 5.08. No Defaults.* No default by the Issuer has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Parity Debt or Senior Debt including, without limitation, regularly scheduled payments on Swap Contracts which constitute Parity Debt or Senior Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the Issuer or any agency or instrumentality of the Issuer are pending or presently

contemplated. No Default or Event of Default has occurred and is continuing hereunder. No “default” or “event of default” under, and as defined in, any of the other Related Documents has occurred and is continuing. The Issuer is not presently in default under any material agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect. The Issuer is not in violation of any material term of the organizational documents or authorizing legislation applicable to the Issuer or any material term of any bond indenture or agreement to which it is a party or by which any of its Property is bound which could reasonably be expected to result in a Material Adverse Effect.

*Section 5.09. Insurance.* The Issuer currently maintains a system of self-insurance or insurance coverage with insurance companies believed by the Issuer to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to the Issuer (as determined in its reasonable discretion) and in full compliance with Section 6.04 hereof.

*Section 5.10. Title to Assets.* No assets of the Issuer are subject to any Lien other than Liens permitted by Section 3.08 of the Indenture.

*Section 5.11. Incorporation by Reference.* The representations and warranties of the Issuer contained in the other Related Documents to which the Issuer is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Issuer in such Sections are hereby made for the benefit of the Bank. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Bank.

*Section 5.12. Correct Information.* All information, reports and other papers and data with respect to the Issuer furnished by the Issuer to the Bank were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by the Issuer to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Bank in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the Issuer, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the Issuer that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for any of the Bonds, or the ability of the Issuer to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.12 or in such information, reports, papers and data or otherwise disclosed in writing to the Bank. The documents furnished and statements made by the Issuer in



connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

*Section 5.13. Use of Proceeds; Margin Stock.* The Issuer will not use the proceeds from the issuance of the Bonds in contravention of any Law or of any Related Document. The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the issuance of the Bonds will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

*Section 5.14. Tax-Exempt Status.* The Issuer has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of interest on the Bonds from State personal income taxes.

*Section 5.15. Usury.* None of the Related Documents or the Bonds provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

*Section 5.16. Security.* The Indenture creates, for the benefit of the owners of the Bonds, and the Obligations, the legally valid, binding and irrevocable Lien on and pledge of the Revenues. There is no lien on the Revenues other than the lien created by the Indenture. The Indenture does not permit the issuance or incurrence of any Debt secured by the Revenues to rank senior to the Bonds and the Obligations, except for Senior Debt. The payment of the Bonds and the Obligations ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt and is not subordinate to any payment secured by a lien on the Revenues, except for Senior Debt, or any other claim, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Revenues to secure the Bonds and the Obligations.

*Section 5.17. Pending Legislation and Decisions.* There is no amendment, or to the knowledge of the Issuer, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to result in a Material Adverse Effect.

*Section 5.18. Bank Bonds.* The Bonds purchased pursuant to Article II will be transferred to or held for the benefit of the Bank free and clear of all liens, security interests or claims of any Person other than the Bank, except for consensual liens or other security interests as may be created by the Bank.

*Section 5.19. Trustee; Remarketing Agent.* The Bank of New York Mellon Trust Company, N.A. (or a successor or assign approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of succession or assignment due to merger, consolidation or other similar action) is the duly appointed and acting Trustee and BofA Securities, Inc. and J.P. Morgan Securities L.L.C. (or their respective successors or assigns approved in writing by the Bank, *provided* that written approval shall not be required in circumstances of succession or assignment due to merger, consolidation or other similar action) or the duly appointed and acting Remarketing Agents.

*Section 5.20. Solvency.* The Issuer is solvent and able to pay its debts as they become due.

*Section 5.21. Reserved.*

*Section 5.22. No Immunity.* The Issuer is not entitled to claim immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) with respect to itself or its revenues (irrespective of their use or intended use) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or for recovery of property or (iii) execution or enforcement of any judgment to which it or its Revenues might otherwise be made subject in any action, suit or proceeding relating to this Agreement or any other Related Document, and no such immunity (whether or not claimed) may be attributed to the Issuer or its Revenues.

*Section 5.23. No Public Vote or Referendum.* There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

*Section 5.24. Swap Contracts.* The Issuer has not entered into any Swap Contract relating to Debt (a) wherein any termination payment thereunder is senior to or on a parity with the payment of the Bonds or the other Obligations or (b) which requires the Issuer to post cash collateral to secure its obligations thereunder.

*Section 5.25. Sanctions Concerns and Anti-Corruption Laws.* (a) *Sanctions Concerns.* Neither the Issuer, nor, to the knowledge of the Issuer, any director or officer thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) *Anti-Corruption Laws.* To the best knowledge of the Issuer, the Issuer has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

*Section 5.26. Investment Company Act.* The Issuer is not an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

## ARTICLE VI

### COVENANTS

The Issuer covenants and agrees with the Bank that it will do the following so long as any amounts may be drawn under the Letter of Credit, and thereafter, so long as any Obligations remain unpaid or unfulfilled under this Agreement, unless the Bank shall otherwise consent in writing:

*Section 6.01. Existence, Etc.* The Issuer (a) shall maintain its existence pursuant to its authorizing legislation and the Laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of its property, assets or business, or combine, merge or consolidate with or into any other entity or change the use of facilities or assets that generate Revenues.

*Section 6.02. Reserved.*

*Section 6.03. Compliance with Laws; Taxes and Assessments.* The Issuer shall comply with all Laws applicable to it and its Property (including without limitation, compliance with ERISA and the rules and regulations thereunder), except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or its Property before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the Issuer are adequate.

*Section 6.04. Insurance.* The Issuer shall maintain insurance with reputable insurance companies or associations believed by the Issuer at the time of purchase of such insurance to be financially sound and in such amounts and covering such risks as are usually carried by organizations engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage. The Issuer shall upon request of the Bank furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 6.04.

*Section 6.05. Reports.* The Issuer shall furnish to the Bank in form and detail satisfactory to the Bank:

(a) *Annual Report.* As soon as available, and in any event within 210 days after the end of the Fiscal Year, the annual audited financial statements of the Issuer together with the opinion of the Issuer’s independent accountants.

(b) *Compliance Certificate.* In connection with the financial statements required to be delivered by the Issuer pursuant to Section 6.05(a) hereof, a Compliance Certificate signed by an Issuer Representative (x) stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default and (y) demonstrating compliance with the financial covenants set forth in Section 6.09 hereof.

(c) *Budget.* As soon as available, and in any event within 60 days following the commencement of each fiscal year of the Issuer, the operating budget of the Issuer.

(d) *Trustee Notices.* As soon as available all notices, certificates, instruments, letters and written commitments in connection with the Bonds provided to the Trustee other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance and payment of the Bonds.

(e) *Notices of Resignation of the Trustee.* As promptly as practicable, written notice to the Bank of any resignation of the Trustee immediately upon receiving notice of the same.

(f) *Offering Memorandum and Material Event Notices.* (A) Within ten (10) days after the issuance of any securities by the Issuer with respect to which a final official statement or other offering or disclosure document has been prepared by the Issuer, (1) a copy of such official statement or offering circular or (2) notice that such information has been filed with EMMA and is publicly available; and (B) during any period of time the Issuer is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) notice that such event notice has been filed with EMMA and is publicly available.

(g) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) Business Days thereafter, a certificate signed by an Issuer Representative specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Bank, a certificate of an Issuer Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any “default” or “event of default” as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto.

(h) *Litigation.* As promptly as practicable, written notice to the Bank of all actions, suits or proceedings pending or threatened against the Issuer before any arbitrator of any kind or before any court or any other Governmental Authority which could reasonably be expected to result in a Material Adverse Effect.

(i) *Amendments.* Promptly after the adoption thereof and to the extent is not required to receive and make notice of the same, copies of any amendments to the Related Documents or to any provisions of the same.

(j) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Issuer as the Bank may from time to time reasonably request.

The Issuer will be deemed to have complied with the requirement to provide the information set forth in this Section 6.05 to the extent such information has been duly posted within such time period on the Issuer website (<http://www.smcta.com/Finance/CAFR.html>) or EMMA, respectively, and written notice of such posting has been delivered to the Bank.

*Section 6.06. Maintenance of Books and Records.* The Issuer will keep proper books of record and account in which full, true and correct entries in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the Issuer shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 5.06 hereof.

*Section 6.07. Access to Books and Records.* The Issuer will permit any Person designated by the Bank (at the expense of the Bank, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the Issuer) to visit any of the offices of the Issuer to examine the books and financial records (except books and financial records the examination of which by the Bank is prohibited by law or by attorney or client privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Issuer with their principal officers, employees and independent public accountants, all at such reasonable times and as often as the Bank may reasonably request.

*Section 6.08. Compliance With Documents.* The Issuer agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Indenture and each of the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against the Issuer. To the extent that any such incorporated provision permits the

Issuer or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Issuer or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. Except as permitted by Section 6.14 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Issuer with respect thereto made pursuant to the Indenture or any of the other Related Documents to which the Issuer is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Issuer with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the Indenture or any such other Related Document to which the Issuer is a party, the Issuer shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of the Bonds and all other Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

*Section 6.09. Financial Covenants.* The Issuer covenants and agrees that it shall take any and all action necessary such that Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the respective provisions of Section 6.07 of the Indenture.

*Section 6.10. No Impairment.* The Issuer will neither take any action, nor cause the Trustee to take any action, under the Indenture or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Bank under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

*Section 6.11. Application of Bond Proceeds.* The Issuer will not take or omit to take any action, which action or omission will in any way result in the proceeds from the issuance of the Bonds being applied in a manner other than as provided in the Indenture.

*Section 6.12. Trustee.* The Issuer will not, without the prior written consent of the Bank (which consent shall not be unreasonably withheld) remove, or seek to remove, the Trustee. The Issuer shall at all times maintain a Trustee pursuant to the terms of the Indenture that is acceptable to the Bank.

*Section 6.13. Limitation on Additional Debt.* On or prior to the date on which Debt secured by the Revenues is to be issued or incurred, the Bank shall receive certification from an Issuer Representative as to compliance with all debt service coverage ratios that are required to be satisfied as a condition precedent to the issuance or incurrence of said Debt pursuant to Article III of the Indenture.

*Section 6.14. Related Documents.* The Issuer shall not modify, amend or consent to any modification, amendment or waiver of the Measure A Intercept Agreement, the Measure W

Intercept Agreement, or the Measure W Transfer Agreement in any material respect without the prior written consent of the Bank (which such consent shall not be unreasonably withheld). The Issuer will not amend or modify, or permit to be amended or modified in any manner whatsoever any Related Document (other than the Measure A Intercept Agreement or the Measure W Intercept Agreement) in a manner which would materially adversely affect the Issuer's ability to repay any Debt secured by or payable from Revenues or which adversely affects the security for the Bonds (including Bank Bonds) or the other Obligations or the Issuer's ability to repay when due the Bonds (including Bank Bonds) or the other Obligations or the interests, security, rights or remedies of the Bank without the prior written consent of the Bank.

*Section 6.15. Liens.* The Issuer shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Indenture that is senior to or on a parity with the Lien securing the Bonds and the Obligations, other than (a) Liens created under and in accordance with the terms of the Indenture; (b) the Liens created for the benefit of the Bonds and the Obligations and other Parity Debt that has heretofore or may hereafter be issued; and (c) Liens which could not reasonably be expected to result in a Material Adverse Effect.

*Section 6.16. Conversions and Redemptions.* (a) The Issuer shall provide thirty (30) days written notice to the Bank prior to any Conversion Date.

(b) The Issuer shall provide thirty (30) days written notice to the Bank prior to the date of any proposed optional redemption or purchase in lieu of redemption of Bonds pursuant to Section 15.01 or 15.03 of the Indenture, respectively.

*Section 6.17. Disclosure to Participants.* The Issuer shall permit the Bank to disclose the financial information received by it pursuant to this Agreement to each Participant of the Bank pursuant to Section 8.07 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

*Section 6.18. Other Agreements.* In the event that the Issuer shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement which such Bank Agreement provides such Person with different or additional events of default and/or greater rights and remedies (including any shorter amortization period) than are provided to the Bank in this Agreement, the Issuer shall provide the Bank with a copy of each such Bank Agreement and different or additional events of default and/or greater rights and remedies (including any shorter amortization period) shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The Issuer shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Bank shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the Issuer fails to provide such amendment.

*Section 6.19. Immunity from Jurisdiction.* To the fullest extent permitted by applicable law, with respect to its obligations arising under this Agreement or any other Related Document,

the Issuer irrevocably agrees that it will not assert or claim any immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) from (i) any action, suit or other proceedings arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or (iii) execution or enforcement of any judgment to which it or its revenues might otherwise be entitled in any such action, suit or other proceeding, and the Issuer hereby irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its Revenues (irrespective of their use or intended use), all such immunity.

*Section 6.20. Swap Contracts.* Without the prior written consent of the Bank, the Issuer will not enter into any Swap Contract relating to Debt (a) wherein any termination payments thereunder are senior to or on parity with the payment of the Bonds or the other Obligations or (b) which requires the Issuer to post cash collateral to secure its obligations thereunder.

*Section 6.21. Use of Bank's Name.* The Issuer shall not include any information concerning the Bank in any offering document for the Bonds that is not supplied in writing, or otherwise approved, by the Bank expressly for inclusion therein.

*Section 6.22. Maintenance of Tax-Exempt Status of Bonds.* The Issuer shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Bonds.

*Section 6.23. Investment Policy.* All investments of the Issuer have been and will be made in accordance with the terms of the Investment Policy.

*Section 6.24. Reserved.*

*Section 6.25. Federal Reserve Board Regulations.* The Issuer shall not use any portion of the proceeds of the Purchase Price of the Bonds for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the Issuer out of such proceeds.

*Section 6.26. Underlying Rating.* The Issuer shall at all times maintain a rating on its long-term unenhanced Senior Debt from at least one Rating Agency. The Issuer covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Senior Debt from any of Fitch, Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement. Further, such rating shall not be older than twenty-four (24) months or shall not be considered current based on the Rating Agencies' definition of current ratings.

*Section 6.27. Selection of Bonds for Redemption or Purchase.* Permit the redemption (pursuant to the terms of the Indenture) of any and all Bank Bonds prior to selecting, or causing to be selected, for redemption any Bonds that are not Bank Bonds. The Issuer shall not declare, instruct the Trustee to declare or permit an optional redemption of the Bonds pursuant to the Indenture unless such optional redemption will be funded from sources other than moneys provided by the Bank under this Agreement.



*Section 6.28. Remarketing Agent.* (a) Will cause the Remarketing Agent to use its best efforts to remarket all Bonds up to the Maximum Rate (as defined in the Indenture) that are tendered for purchase and will not direct the Remarketing Agent to cease its attempts to remarket Bonds tendered for purchase for any reason (including without limitation that any interest rate charged hereunder may be less than the interest rate that would be required to be paid to any potential purchaser of such Bonds in order that the Bonds may be sold at a purchase price equal to the par value thereof plus accrued interest thereon).

(b) If the Remarketing Agent fails to remarket Bonds for thirty (30) consecutive days, the Issuer will replace the Remarketing Agent upon the written direction of the Bank, with a successor Remarketing Agent acceptable to the Bank.

(c) Any remarketing agreement entered into by the Issuer after the Closing Date and in relation to the Bonds shall provide that the remarketing agent will resign only upon providing sixty (60) days prior written notice of the Bank.

*Section 6.29. Bank Bonds.* Upon the request of the Bank, cause a Rating Agency or Rating Agencies acceptable to the Bank to issue a rating on the Bank Bonds (and their related CUSIP numbers) of at least investment grade which action shall be at the sole expense of the Issuer.

*Section 6.30. Sanctions.* The Issuer will not directly or indirectly, use any proceeds from the issuance of the Bonds, or lend, contribute or otherwise make available such proceeds to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person of Sanctions.

*Section 6.31. Anti-Corruption Laws.* The Issuer will not directly or indirectly, use any proceeds from the issuance of the Bonds for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions.

## **ARTICLE VII**

### **EVENTS OF DEFAULT**

*Section 7.01. Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an “*Event of Default*” hereunder, unless waived in writing by the Bank:

(a) the Issuer shall fail to pay the principal of or interest on any Reimbursement Obligation or Bank Bond when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Issuer shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on any Reimbursement Obligation or Bank Bond) when due and such failure shall continue for five (5) Business Days;

(c) any representation or warranty made by or on behalf of the Issuer in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Issuer shall default in the due performance or observance of any of the covenants set forth in Section 6.01, 6.05, 6.07, 6.08, 6.09, 6.12, 6.13, 6.14, 6.15, 6.18, 6.19, or 6.20 hereof; or

(e) the Issuer shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof; *provided*, that, if such failure shall be such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected, but in no event shall such period extend more than ninety (90) days after the occurrence of such failure;

(f) the Issuer shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Issuer or any substantial part of its Property, or a proceeding described in Section 7.01(f)(v) shall be instituted against the Issuer and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or

interest on any Debt of the Issuer by the Issuer or any Governmental Authority with appropriate jurisdiction;

(i) any material provision of any of the Related Documents shall cease to be valid and binding, or the Issuer or any Governmental Authority shall contest any such provision or the Issuer or any agent or trustee on behalf of the Issuer, shall deny that it has any or further liability under any of the Related Documents;

(j) dissolution or termination of the existence of the Issuer;

(k) the Issuer shall (i) default on the payment of the principal of or interest on any Parity Debt or Senior Debt including, without limitation, any regularly scheduled payments on Swap Contracts which constitute Parity Debt or Senior Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt or Senior Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt or Senior Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Parity Debt or Senior Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt or Senior Debt;

(l) the Issuer shall (i) default on the payment of the principal of or interest on any Debt (other than Parity Debt or Senior Debt) including, without limitation, any regularly scheduled payments on Swap Contracts, aggregating in excess of \$10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Parity Debt or Senior Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Parity Debt or Senior Debt) aggregating in excess of \$10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(m) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Bank, in an aggregate amount in excess of \$10,000,000 shall be entered or filed against the Issuer or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(n) any "event of default" under any Related Document (as defined respectively therein) shall have occurred; or

(o) any of Fitch, Moody's and S&P shall have downgraded its rating of any long-term unenhanced Senior Debt of the Issuer to below "BBB" (or its equivalent), "Baa2" (or its equivalent), or "BBB" (or its equivalent) respectively, or suspended or withdrawn its rating of the same.

*Section 7.02. Remedies.* Upon the occurrence and during the continuance of any Event of Default hereunder, the Bank, shall, with notice thereof to the Trustee, exercise any one or more of the following rights and remedies, in addition to any other remedies herein or by law provided:

(a) by notice to the Issuer and the Trustee, declare all Obligations to be, and such amounts shall thereupon become, immediately and automatically due and payable without further presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer, *provided* that upon the occurrence of an Event of Default under Section 7.01(f) or 7.01(g) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing);

(b) give written notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to cause a mandatory tender of the Bonds, thereby causing the Letter of Credit to expire 15 days thereafter;

(c) direct the Trustee to exercise its rights under the Indenture and the Related Documents; and

(d) pursue any other action available at law or in equity;

*provided, however,* that the failure of the Bank to give notice of the exercise of any such right or remedy shall not affect the validity or enforceability thereof.

The Issuer agrees to pay to the Bank, all expenses incurred or paid by the Bank, including reasonable attorneys' fees and court costs, in connection with any default by the Issuer hereunder or in connection with the enforcement of any of the terms hereof.

## ARTICLE VIII

### MISCELLANEOUS

*Section 8.01. Amendments, Etc..* No amendment or waiver of any provision of this Agreement or any other Related Document, and no consent to any departure by the Issuer therefrom, shall be effective unless in writing signed by the Bank and the Issuer, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

*Section 8.02. Notices; Effectiveness; Electronic Communications.*

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax transmission or e-mail transmission as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, to the address, fax number, e-mail address or telephone number specified for the Issuer or the Bank on Schedule 8.02 hereof. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax transmission shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (c).

(b) *Electronic Communications.* Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging and Internet or intranet websites) pursuant to procedures approved by the Bank. The Bank or the Issuer, in its discretion, agrees to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it provided that the approval of such procedures may be limited to particular notices or communications.

(c) Unless the Bank otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices and other communications posted to an Internet or intranet website shall be deemed received by the intended recipient upon the sender's receipt of an acknowledgement by the intended recipient (such as by the "return receipt requested" function, as available, return email address or other written acknowledgement) indicating that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(d) *Change of Address, Etc.* Each of the Issuer and the Bank may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(e) *Reliance by Bank.* The Bank shall be entitled to rely and act upon any notices (including, without limitation, telephonic or electronic notices) purportedly given by or on behalf of the Issuer even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Issuer shall indemnify the Bank and the Related Parties from all losses, costs, expenses and

liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Issuer. All telephonic notices to and other telephonic communications with the Bank may be recorded by the Bank, and each of the parties hereto hereby consents to such recording.

*Section 8.03. No Waiver; Cumulative Remedies.* No failure by the Bank to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Related Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Related Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

*Section 8.04. Expenses; Indemnity.* (a) The Issuer shall pay (i) all reasonable out-of-pocket expenses incurred by the Bank and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Bank), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Related Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Bank in connection with the issuance, amendment, renewal or extension of its Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Bank (including the fees, charges and disbursements of any counsel for the Bank), and shall pay all fees and time charges for attorneys who may be employees of the Bank, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Related Documents, including its rights under this Section, or (B) in connection with the Liquidity Advances or Term Loans made or the Letter of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Liquidity Advances or Term Loans or the Letter of Credit.

(b) *Indemnification by the Issuer.* To the extent permitted by applicable law, the Issuer shall indemnify the Bank and each Related Party of the Bank (each such Person being called an “Indemnatee”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnatee), and shall indemnify and hold harmless each Indemnatee from all reasonable fees and time charges and disbursements for attorneys who may be employees of any Indemnatee, incurred by any Indemnatee or asserted against any Indemnatee by any Person (including the Issuer) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Related Document, the Official Statement or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or the administration of this Agreement and the other Related Documents, (ii) any Liquidity Advance, Term Loan or the Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Bank to honor a demand for payment under its Letter of Credit if the documents presented in connection with

such demand do not strictly comply with the terms of such Letter of Credit), or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Issuer, and regardless of whether any Indemnatee is a party thereto; *provided* that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable Law, the Issuer shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document, the Official Statement or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Liquidity Advance, Term Loan or Letter of Credit or the use of the proceeds thereof. No Indemnatee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnatee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents, the Official Statement or the transactions contemplated hereby or thereby.

(d) *No Liability of the Bank.* The Issuer agrees that the Bank shall have no liability or responsibility for the acts or omissions of the Trustee or the Remarketing Agent in respect of the use of this Agreement or any Drawings funded by the Bank under the Letter of Credit. The Bank shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Trustee or the Remarketing Agent which results in the failure of the Trustee to effect a Drawing to or to comply with the applicable provisions of the Indenture or any other Related Document. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or for any acts or omissions of the Trustee, any agent of the Trustee and any transferee beneficiary in connection therewith; (b) the validity or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit; except only that the Issuer shall have a claim against the Bank and the Bank shall be liable to the Issuer to the extent of any direct, as distinguished from consequential or punitive (the right to receive consequential or punitive damages being hereby waived), damages suffered by the Issuer when the Issuer proves such were caused by the Bank's gross negligence or willful failure to make payment under the Letter of Credit in accordance with its terms as determined by a court of competent jurisdiction in a final, non-appealable judgment thereof. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. The Bank is hereby expressly authorized and directed to honor

any demand for payment which is made under the Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between or among the Issuer, the Trustee, any transferee beneficiary of the Letter of Credit or any other Person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letter of Credit are true and correct.

(e) *Payments.* All amounts due under this Section shall be payable not later than thirty (30) calendar days after demand therefor.

(f) *Survival.* The agreements in this Section and the indemnity provisions of Section 8.02(e) shall survive the termination of this Agreement, the cancellation of the Letter of Credit and the repayment, satisfaction or discharge of all the other Obligations.

*Section 8.05. Obligations Absolute.* The payment obligations of the Issuer under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of the Letter of Credit or any of the other Related Documents;

(ii) any amendment or waiver of or any consent to departure from all or any of the Related Documents (unless consented to in writing by the Bank);

(iii) the existence of any claim, set-off, defense (other than the defense of payment) or other right which the Issuer may have at any time against the Trustee or any other beneficiary, or any transferee, of the Letter of Credit (or any persons or entities for whom the Trustee, any such beneficiary or any such transferee may be acting), the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents, or any unrelated transaction;

(iv) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or

(v) payment by the Bank under the Letter of Credit against presentation of a draft or certificate which does not comply with the terms of the Letter of Credit.

*Section 8.06. Payments Set Aside.* To the extent that any payment by or on behalf of the Issuer is made to the Bank, or the Bank exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery,



the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

*Section 8.07. Successors and Assigns.*

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of the Bank) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Participations.* The Bank may at any time, without the consent of, or notice to, the Issuer, sell participations to any Person (other than a natural person or the Issuer or any of the Issuer's Affiliates) (each, a "*Participant*") in all or a portion of the Bank's rights and/or obligations under this Agreement; *provided* that (i) the Bank's obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Issuer shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which the Bank sells such a participation shall provide that the Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that the Bank will not, without the consent of the Participant, agree to any amendment, waiver or other modification that affects such Participant. The Issuer agrees that each Participant shall be entitled to the benefits of Sections 3.01 and 8.04 to the same extent as if it were the Bank hereunder.

(c) *Limitations upon Participant Rights.* A Participant shall not be entitled to receive any greater payment under Section 3.01 than the Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Issuer's prior written consent.

(d) *Certain Pledges.* In addition to the rights of the Bank set forth above, the Bank may at any time pledge or grant a security interest in all or any portion of its rights or interest under this Agreement and the Related Documents to secure obligations of the Bank or an Affiliate of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

*Section 8.08. Treatment of Certain Information; Confidentiality* (a) Each of the Issuer and the Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates, its auditors and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement or any other Related Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Issuer and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Issuer or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the Issuer or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Bank or any of its Affiliates on a nonconfidential basis from a source other than the Issuer. For purposes of this Section, “*Information*” means all information received from the Issuer relating to the Issuer or any of their respective businesses, other than any such information that is available to the Bank or the Trustee on a nonconfidential basis prior to disclosure by the Issuer, *provided* that, in the case of information received from the Issuer after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Bank may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers the Bank in connection with the administration of this Agreement, the other Related Documents and the Letter of Credit.

(b) Except as otherwise provided below in this paragraph, the Issuer agrees that it will not issue any press release or similar public disclosure using the name of the Bank or its Affiliates nor will the Issuer make any public disclosure of this Agreement or any part hereof or any statement or description of the content of this Agreement or any part hereof, without the prior written consent of the Bank. The Issuer may, after consultation with the Bank, file (or cause to be filed) with the Municipal Securities Rulemaking Board under its Electronic Municipal Market Access (EMMA) system or otherwise a copy of this Agreement and agreements between the Bank and the Issuer related to this Agreement, in each case redacted in a manner satisfactory to the Bank to prevent disclosure of any signatures, account information, information regarding pricing, or other proprietary or other confidential information regarding

the transactions contemplated hereby, or a summary of this Agreement and such related agreements (in each case as so redacted). The Issuer shall be permitted to include in such redacted copies of this Agreement (or summaries thereof) such information as shall be necessary to comply with requirements of applicable law (including federal or state securities laws and the regulations promulgated thereunder) and the requirements of its continuing disclosure agreements to the extent that such disclosure is required to cause the underwriting, issuance, sale or remarketing of bonds or other obligations issued by the Issuer to be in compliance with applicable law. The Issuer may include any such redacted copies of this Agreement and related agreements (or summaries thereof) in any official statement, offering circular or other disclosure document prepared in connection with any issuance of Debt by the Issuer.

*Section 8.09. Right of Setoff.* If an Event of Default shall have occurred and be continuing, the Bank and its Affiliates are hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Bank or any such Affiliate to or for the credit or the account of the Issuer against any and all of the obligations of the Issuer now or hereafter existing under this Agreement or any other Related Document to the Bank or its Affiliates, irrespective of whether or not the Bank or its Affiliates shall have made any demand under this Agreement or any other Related Document and although such obligations of the Issuer may be contingent or unmatured, secured or unsecured, or are owed to a branch, office or Affiliate of the Bank different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness. The rights of the Bank and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that the Bank or its Affiliates may have. The Bank agrees to notify the Issuer promptly after any such setoff and application, *provided* that the failure to give such notice shall not affect the validity of such setoff and application.

*Section 8.10. Counterparts; Integration; Effectiveness.* This Agreement and each of the other Related Documents may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Related Documents, and any separate letter agreements with respect to fees payable to the Bank, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Bank and when the Bank shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement or any other Related Document, or any certificate delivered thereunder, by fax transmission or e-mail transmission (e.g. “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement or such other Related Document or certificate. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Related Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

*Section 8.11. Survival of Representations and Warranties.* All representations and warranties made hereunder and in any other Related Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Bank, regardless of any investigation made by the Bank or on its behalf and notwithstanding that the Bank may have had notice or knowledge of any Default at the time of any issuance of the Letter of Credit, or the making of any Liquidity Advance or Term Loan hereunder, and shall continue in full force and effect as long as any Liquidity Advance or Term Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or the Letter of Credit shall remain outstanding.

*Section 8.12. Severability.* If any provision of this Agreement or the other Related Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Related Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

*Section 8.13. Governing Law; Jurisdiction; Etc..*

(a) *GOVERNING LAW.* THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS (EXCEPT, AS TO ANY OTHER RELATED DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT (EXCEPT, AS TO ANY OTHER RELATED DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; *PROVIDED* THAT THE OBLIGATIONS OF THE ISSUER HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE.

(b) *SUBMISSION TO JURISDICTION.* THE ISSUER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE BANK OR ANY RELATED PARTY OF THE BANK IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN

ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER RELATED DOCUMENT SHALL AFFECT ANY RIGHT THAT THE BANK MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT AGAINST THE ISSUER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) *WAIVER OF VENUE.* THE ISSUER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) *Service of Process.* EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 8.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

*Section 8.14. Waiver of Jury Trial.* (a) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(b) If any action or proceeding is filed in a court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Agreement or any other Related Document, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, *provided* that at the option of any party to such proceeding, any such issues pertaining to a “provisional remedy” as defined in California Code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) without limiting the generality of Section 8.04, the Issuer shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

*Section 8.15. No Advisory or Fiduciary Relationship.* In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Issuer acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (a) (i) the services regarding this

Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between the Issuer, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Issuer is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary pursuant to Section 15B of the Securities Exchange Act of 1934, for the Issuer, or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to the Issuer with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the Issuer. To the fullest extent permitted by law, the Issuer, hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

*Section 8.16. Electronic Execution of Certain Documents.* The words "delivery," "execute," "execution," "signed," "signature," and words of like import in any Related Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Bank, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, the Bank is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided further without limiting the foregoing, upon the request of the Bank, any electronic signature shall be promptly followed by such manually executed counterpart.

*Section 8.17. USA Patriot Act.* The Bank hereby notifies the Issuer that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Bank to identify the Issuer in accordance with the Patriot Act. The Issuer agrees to, promptly following a request by the Bank, provide all such other documentation and information reasonably requested by Bank for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act.

*Section 8.18. Time of the Essence.* Time is of the essence of the Related Documents.

*Section 8.19. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Bank, the Issuer will, at the Issuer's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Bank, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Indenture. Upon any failure by the Issuer to do so, the Bank or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Issuer, all at the sole expense of the Issuer, and the Issuer hereby appoints the Bank and the Trustee the agent and attorney-in-fact of the Issuer to do so, this appointment being coupled with an interest and being irrevocable. In addition, at any time, and from time to time, upon request by the Bank or the Trustee, the Issuer will, at the Issuer's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Bank or the Trustee, be necessary or desirable in order to verify the Issuer's identity and background in a manner satisfactory to the Bank or the Trustee, as the case may be.

*Section 8.20. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

*Section 8.21. US QFC Stay Rules.*

(a) *Recognition of U.S. Resolution Regimes.* In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement (and any interest and obligation in or under this Agreement and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Agreement or any related agreement, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to

this Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*Insolvency Proceeding*” means a receivership, insolvency, liquidation, resolution, or similar proceeding.

“*U.S. Special Resolution Regime*” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Closing Date.

SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_

Its: \_\_\_\_\_

BANK OF AMERICA, N.A.

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**

**FORM OF COMPLIANCE CERTIFICATE**

Financial Statement Date: \_\_\_\_\_, \_\_\_\_\_

To: Bank of America, N.A.,

Ladies and Gentlemen:

Reference is made to that certain Reimbursement Agreement, dated as of \_\_\_\_\_ 1, 2020 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*;" the terms defined therein being used herein as therein defined), among the San Mateo County Transportation Authority (the "*Issuer*") and Bank of America, N.A., (the "*Bank*").

The undersigned Issuer Representative hereby certifies as of the date hereof that he/she is the \_\_\_\_\_ of the Issuer, and that, as such, he/she is authorized to execute and deliver this Certificate to the Bank on the behalf of the Issuer, and that:

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.05(a) of the Agreement for the fiscal year of the Issuer ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a review of the transactions and condition (financial or otherwise) of the Issuer during the accounting period covered by the attached financial statements.

3. A review of the activities of the Issuer during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Issuer performed and observed all its Obligations under the Related Documents, and

**[select one:]**

**[to the best knowledge of the undersigned during such fiscal period, the Issuer performed and observed each covenant and condition of the Related Documents applicable to it, and no Default or Event of Default has occurred and is continuing.]**

**--or--**

**[the following covenants or conditions have not been performed or observed and the following is a list of each such Default or Event of Default and its nature and status:]**

4. The representations and warranties of the Issuer contained in Article V of the Agreement are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Certificate, the representations and warranties contained in Section 5.06 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 6.05 of the Agreement, including the statements in connection with which this Certificate is delivered.

Delivery of an executed counterpart of a signature page of this Certificate by fax transmission or other electronic mail transmission (*e.g.* “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of \_\_\_\_\_, \_\_\_\_\_.

SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 8.02**

Bank:

Bank of America, N.A.  
333 S. Hope Street, Suite 3820  
Los Angeles, CA 90071  
Attention: Jyoti Rathore  
Telephone: (213) 621-4971  
Facsimile: (213) 457-8927  
Email: Jyoti.rathore@bofa.com

and with a copy to:

Bank of America, N.A.  
250 S. Park Avenue, Suite 400  
Winter Park, FL 32789  
Attention: Christopher Littlewood  
Telephone: (321) 527-7843  
Facsimile: (213) 457-8927  
Email: Christopher.littlewood@bofa.com

and, with respect to the Letter of Credit:

Bank of America, N.A.  
Trade Operations  
1000 West Temple Street, 7th Floor  
CA4-702-02-25  
Los Angeles, California 90012-1514  
Attention: Sandra Leon  
Telephone (213) 580-8369  
Facsimile: (213) 457-8841

If to the Issuer, to

San Mateo County Transportation Authority  
**[1250 San Carlos Avenue  
San Carlos, CA 94070]**  
Telephone: \_\_\_\_\_  
Telecopy: \_\_\_\_\_  
Attention: \_\_\_\_\_

Trustee:

Remarketing Agent:

**APPENDIX I**

**FORM OF  
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT**

**APPENDIX II**

**FORM OF  
CUSTODY AGREEMENT**

\$ \_\_\_\_\_  
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)  
2020 SERIES A**

**REMARKETING AGREEMENT**

This Remarketing Agreement, dated as of \_\_\_\_\_, 2020 (the “Agreement”), is entered into by and between the San Mateo County Transportation Authority (the “Issuer”) and BofA Securities, Inc. (“BofAS” or the “Remarketing Agent”).

**WHEREAS**, the Issuer (the “Issuer”) has issued its \$ \_\_\_\_\_ San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A (the “Bonds”) pursuant to an Indenture, dated as of \_\_\_\_\_, 2020, by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture, dated as of \_\_\_\_\_, 2020 (collectively, the “Indenture”), by and between the Issuer and the Trustee;

**WHEREAS**, the Bonds and the Indenture provide, among other things, that the owners of the Bonds (the “Owners”), may elect (or may be required) in certain instances to tender their Bonds for purchase upon the terms and conditions contained in the Bonds and the Indenture;

**WHEREAS**, the Indenture provides for the appointment of a remarketing agent to perform certain duties, including the use of its best efforts to remarket any Bonds tendered for purchase by the Owners; and

**WHEREAS**, the Remarketing Agent has agreed to accept the duties and responsibilities of the remarketing agent under the Indenture and this Agreement;

**NOW, THEREFORE**, for and in consideration of the mutual covenants made herein, and subject to the terms and conditions set forth herein, the parties hereto agree as follows:

**Section 1. Definitions.** Each capitalized term not otherwise defined herein shall have the meaning given to that term in the Indenture.

“Continuing Disclosure Agreement” shall mean that Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2020, by and between the Issuer and the Trustee, as dissemination agent for the Issuer.

“2020 Liquidity Facility” shall have the meaning given such term in the Indenture.

“2020 Liquidity Provider” shall have the meaning given such term in the Indenture.

[“2020 Liquidity Provider Agreement” shall have the meaning given such term in the Indenture.]

“EMMA” shall mean the Electronic Municipal Market Access system operated by the MSRB.

“EMMA Materials” shall mean any filing, official statement or offering document or any other document or other information that is filed on EMMA and specifically incorporated by reference into any Current Offering Materials (as defined below).

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Financing Documents” shall mean the the Indenture, the 2020 Liquidity Facility, the 2020 Liquidity Provider Agreement, the Continuing Disclosure Agreement and this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement, dated \_\_\_\_\_, 2020, relating to the Bonds, as it may be supplemented, updated, amended or superseded.

“Rule 15c2-12” shall mean SEC Rule 15c2-12 promulgated under the Exchange Act.

“Rule G-34 Documents” shall mean: (i) the 2020 Liquidity Facility, the 2020 Liquidity Provider Agreement and any other letter of credit agreement, reimbursement agreement, standby bond purchase agreement loan agreement, guaranty agreement or any other document establishing an obligation to provide credit and/or liquidity support with respect to the Bonds; (ii) the Indenture and any other indenture, resolution authorizing the issuance of the Bonds (together with any series resolution hereinafter referred to, the “Resolution”), and any supplemental or series indenture(s) or resolution(s) or any other authorizing document under which the Bonds were issued; (iii) any amendments, extensions, renewals, replacements or terminations thereof; and (iv) any other document required to comply with MSRB Rule G-34(c), as it may be amended from time to time; and, in each case where required to be delivered, such delivery shall be by electronic means in a word-searchable PDF file (or in such other form as the Remarketing Agent shall notify the Issuer in writing) labeled with the following information: (a) CUSIP number; (b) name of Issuer; (c) name of transaction; (d) name of document; and (e) whether the document is an execution version or a redacted version.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“SHORT System” shall mean the MSRB’s Short-term Obligation Rate Transparency System.

“Trust Indenture Act” shall mean the Trust Indenture Act of 1939, as amended.

**Section 2. Appointment of the Remarketing Agent.** Subject to the terms and conditions contained herein, the Issuer hereby appoints BofAS as exclusive Remarketing Agent for the Bonds and BofAS hereby accepts such appointment.



**Section 3. Responsibilities of the Remarketing Agent.**

(a) Subject to the terms and conditions set forth in this Agreement, BofAS agrees to perform the duties of Remarketing Agent set forth in Article XV of the Indenture. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 12 (entitled “Dealing in Bonds by the Remarketing Agent”) herein. The Remarketing Agent shall not be liable for any action taken or omitted to be taken pursuant to this Agreement, except for its own gross negligence or willful misconduct.

(b) Subject to the limitations contained herein and in the Indenture, the Remarketing Agent shall use its best efforts to remarket any Bonds tendered by an Owner pursuant to the terms of the Indenture.

(c) The Remarketing Agent shall determine the interest rates on the Bonds in the manner and at the times specified therefore in the Indenture.

**Section 4. Furnishing of Offering Materials; Due Diligence.**

(a) The Issuer agrees to furnish the Remarketing Agent with as many copies as the Remarketing Agent may reasonably request of the Current Offering Materials, and such other information associated with the Issuer and the Bonds as the Remarketing Agent shall reasonably request from time to time, including, without limitation, information deemed necessary by the Remarketing Agent to amend, update or supplement the Current Offering Materials. The term “Current Offering Materials” shall mean (i) initially, the Official Statement together with any supplement, update or amendment thereof, including pursuant to any EMMA Materials, and (ii) upon the preparation and dissemination of any reoffering circular, remarketing memorandum or similar document pursuant to which the Bonds are offered in any remarketing of the Bonds (any such document, together with any supplement, update or amendment of the same, including pursuant to any EMMA Materials, a “Remarketing Memorandum”), such Remarketing Memorandum.

(b) The Issuer agrees to immediately notify the Remarketing Agent (i) if any event shall have occurred or information shall become known as a result of which (A) the Current Offering Materials would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading in light of the circumstances under which they were made or (B) any representation or warranty of the Issuer under any of the Financing Documents or this Agreement would become false in any material respect and (ii) of any material fact that the Issuer is aware of that may affect the remarketing of the Bonds or the marketability of the Bonds including, but not limited to, (A) any material adverse change in the condition (financial or otherwise), prospects (financial or otherwise) or general affairs of the Issuer, (B) any reduction or threatened reduction (by way of credit watch or similar rating agency action) in the ratings of the Bonds, (C) any adverse change (threatened or otherwise) in the tax treatment of interest on the Bonds received by the holders of the Bonds or (D) any other material adverse change that may affect the remarketing of the Bonds or any fact

or circumstance which constitutes, or with the passage of time would constitute, an event of default under the Financing Documents.

(c) The Issuer hereby agrees that it will make any amendment or supplement to the Current Offering Materials that is necessary such that the Current Offering Materials do not contain an untrue statement of material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Issuer shall not effect any such amendment or supplement to the Current Offering Materials without the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld); provided, further, that if the Remarketing Agent determines that an updating or supplementing of the Current Offering Materials is required to comply with federal or state securities laws, the Issuer will promptly update the Current Offering Materials in form and substance reasonably satisfactory to the Remarketing Agent.

(d) The Issuer will take any and all actions as shall be necessary to permit compliance by the Remarketing Agent with Rule 15c2-12.

(e) Upon any dissemination of any Remarketing Memorandum or any amendment, update or supplement of the Current Offering Materials issued subsequent to the initial issuance of the Bonds, the Issuer agrees to provide (in form and substance reasonably satisfactory to the Remarketing Agent):

(1) a certificate of an Authorized Representative of the Issuer, dated as of the date of such amendment, update or supplement, to the effect that the information relating to the Issuer contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, does not contain any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(2) an opinion of Bond Counsel, dated as of the date of such amendment, update or supplement, that (i) states that the descriptions of the Bonds and the Financing Documents contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, are true and correct in all material respects (or a substantially similar statement) and (ii) covers the disclosure contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, describing the tax-exemption or other tax characteristics of the Bonds and the opinion of Bond Counsel related to such characteristics;

(3) opinions of counsel to the Remarketing Agent, Issuer and Disclosure Counsel or a similar counsel, dated as of the date of such amendment, update or supplement, to the effect that nothing has come to the attention of such counsel that would cause such counsel to conclude that such Remarketing Memorandum or the Current Offering Materials, as so amended, updated or supplemented, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading;

(4) a certificate of the 2020 Liquidity Provider, dated as of the date of such amendment, update or supplement, to the effect that the information relating to the 2020 Liquidity Facility contained in such Remarketing Memorandum or the Current Offering Materials, as so amended, updated or supplemented, does not contain any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

(5) a certificate of an Authorized Representative of the Issuer, dated as of the date of such amendment, update or supplement, to the effect that during the last five years, the Issuer has not failed to comply, in any material respect, with the Continuing Disclosure Agreement or any other undertaking relating to continuing disclosure of information with respect to the Issuer pursuant to Rule 15c2-12.

(f) The Issuer hereby agrees that, in connection with any dissemination of a Remarketing Memorandum and any amendment, update or supplement of the Current Offering Materials issued subsequent to the initial issuance of the Bonds and from time to time upon the reasonable request of the Remarketing Agent, the Issuer (i) will permit the Remarketing Agent to perform reasonable inquiries and investigations into, (ii) will make appropriate Issuer officials available to answer such reasonable questions of the Remarketing Agent concerning, and (iii) will provide to the Remarketing Agent copies of such documents and other information reasonably relating to, in each case of (i), (ii) and (iii), the finances, operations and affairs of the Issuer and the terms and conditions of the Bonds.

(g) The Issuer shall furnish such information, execute such instruments and take such other action in cooperation with the Remarketing Agent as the Remarketing Agent may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Remarketing Agent may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification under clause (i) in effect so long as required for distribution of the Bonds by the Remarketing Agent; provided, however, that in no event shall the Issuer be required to consent to suit or to service of process in any jurisdiction or to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject.

(h) The Issuer hereby covenants and agrees that it will comply with the Continuing Disclosure Agreement.

**Section 5. Remarketings that are Primary Offerings.** The Issuer hereby engages the Remarketing Agent as an underwriter in any remarketing of the Bonds that the Remarketing Agent reasonably determines constitutes a “primary offering” of the Bonds within the meaning of Rule 15c2-12, and not as a financial advisor or “municipal advisor” as defined under Section 15B of the Exchange Act, and SEC Rule 15Ba1-1. In connection therewith, the Issuer solicits advice from the Remarketing Agent, as an underwriter, on the structure, timing, terms and other similar matters concerning the Bonds.

**Section 6. Representations and Warranties of the Issuer.** The Issuer represents and warrants to the Remarketing Agent as of the date hereof, and as of the date of any

remarketing following a mandatory tender of the Bonds, the date on which there is any dissemination of any Remarketing Memorandum, and the date on which there is any dissemination of any amendment, update or supplement of the Current Offering Materials, as follows:

(a) the Indenture, the Resolution are in full force and effect and have not been modified or amended since adoption, and accordingly the Issuer has full power and authority to issue the Bonds, to enter into, perform and observe the covenants and agreements on its part contained in the Financing Documents and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents;

(b) the Financing Documents have been duly authorized, executed and delivered by the Issuer. The Financing Documents constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights;

(c) the Bonds have been duly authorized and executed by the Issuer and, when authenticated and delivered by the Trustee, will constitute valid and binding limited obligations of the Issuer in accordance with their terms, in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights;

(d) the issuance and sale of the Bonds do not require registration of the Bonds under the Securities Act;

(e) the Current Offering Materials do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) as of any date on which the Issuer disseminates a Remarketing Memorandum, the Remarketing Memorandum will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) as of any date on which the Issuer supplements, updates or amends the Current Offering Materials, the Current Offering Materials, as so supplemented, updated or amended, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there are no consents, authorization or approvals of, or filings with, any federal or state government authority (other than the Issuer) required in connection with the issuance or sale by the Issuer of the Bonds, the execution and delivery by the Issuer of the

Financing Documents and the performance of its obligations thereunder except as may be required by state securities laws (as to which no representation is made) and those which have already been obtained or made;

(i) the execution, delivery and performance by the Issuer of the Financing Documents have not and will not result in a breach or violation of, conflict with, or constitute a default under any law, regulation, order, judgment, agreement or instrument to which the Issuer is a party or by which the Issuer or any of its property is bound;

(j) except as disclosed in the Current Offering Materials, there is no litigation or governmental proceeding pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer:

(1) which might reasonably be expected to result in a material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer or the ability of the Issuer to perform its obligations under the Financing Documents;

(2) contesting the validity or enforceability of the Financing Documents; or

(3) contesting the existence or powers of the Issuer;

(k) except as disclosed in the Current Offering Materials, during the last five years the Issuer has not failed to materially comply with any previous continuing disclosure undertaking it has entered into in connection with Rule 15c2-12;

(l) the Bonds that have been tendered for purchase and would otherwise be subject to remarketing shall not have been called for redemption or mandatory tender pursuant to the Indenture unless the remarketing of such Bonds is permitted under the Indenture or under the applicable optional or mandatory tender provisions in the Bonds;

(m) none of the events set forth in Section 10 hereof shall have occurred and be continuing;

(n) all of the representations and warranties of the Issuer as are set forth by it in the 2020 Liquidity Provider Agreement (or incorporated by reference into the 2020 Liquidity Provider Agreement), which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Remarketing Agent with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety, are true and correct in all material respects (no amendment to such representations and warranties or defined terms made pursuant to the 2020 Liquidity Provider Agreement shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Remarketing Agent); and

(o) each of the representations and warranties of the Issuer set forth in the Bond Purchase Agreement dated \_\_\_\_\_, 2020 relating to the Bonds are true and correct in all material respects.

**Section 7. Representations and Warranties of the Remarketing Agent.** The Remarketing Agent represents and warrants as of the date hereof as follows:

(a) the Remarketing Agent is a member of the Financial Industry Regulatory Authority, having a capitalization of at least \$15,000,000, and otherwise meets the requirements for the Remarketing Agent set forth in the Indenture;

(b) the Remarketing Agent has been duly incorporated, is validly existing and is in good standing under the laws of the State of Delaware, and is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Indenture; and

(c) the Remarketing Agent has full power and authority to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Indenture.

**Section 8. Fees and Expenses.**

(a) For the Remarketing Agent's services under this Agreement and the Indenture, the Issuer will pay to the Remarketing Agent a fee (the "Remarketing Agent Fee") equal to [the greater of (a) [the *per annum* rate of [\_\_\_\_]% of the weighted average aggregate principal amount of Bonds outstanding for the immediately preceding quarter [and (b) \$\_\_\_\_\_], until the earlier to occur of (x) the termination of this Agreement or (z) the effective date of the removal or resignation of the Remarketing Agent. The Issuer shall pay the Remarketing Agent Fee, in arrears, commencing on \_\_\_\_\_, \_\_, and thereafter on each \_\_\_\_\_ 1, \_\_\_\_\_ 1, \_\_\_\_\_ 1 and \_\_\_\_\_ 1. In the event of a termination of this Agreement or the removal or resignation of the Remarketing Agent, the Issuer shall pay any accrued Remarketing Agent Fee during the quarter in which such termination, removal or resignation occurs on the effective date of such termination, removal or resignation. [If the Bonds are remarketed in connection with the conversion of the interest rate to a [Term Rate] or a [Fixed Rate], the Issuer and the Remarketing Agent will act in good faith to agree on a fee for such remarketing.]

(b) The Issuer will pay all expenses of delivering remarketed Bonds and reimburse the Remarketing Agent for all out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

**Section 9. Compliance with MSRB Rule G-34(c).**

(a) The Issuer agrees that it shall provide the following to the Remarketing Agent to assist in complying with its obligations under MSRB Rule G-34(c):

(1) on the effective date of this Agreement, a copy of each executed and currently effective Rule G-34 Document;

(2) no later than ten (10) business days prior to the proposed date of any amendment, extension or renewal, replacement or termination of any of the then current Rule G-34 Documents, written notice that such document is proposed to be amended, extended, renewed, replaced or terminated, as the case may be, and the expected date of execution and delivery of such amendment, extension, renewal, replacement or termination, as the case may be;

(3) within one (1) business day after the execution and delivery of any amendment, extension, renewal, replacement or termination, as the case may be, of any of the then current Rule G-34 Documents, a copy thereof; and

(4) no later than three (3) business days after receiving a request from the Remarketing Agent for any Rule G-34 Document, a copy thereof.

In each instance that Rule G-34 Documents are delivered to the Remarketing Agent pursuant to this Section 9(a), the Issuer shall provide: (A) a clean final execution copy of each relevant document; and (B) in any such document where any redactions are made, (x) a redacted final execution copy of such document, and (y) a file containing a list showing all redactions that have been made to such document.

(b) If the Issuer determines that any information in the Rule G-34 Documents is confidential or proprietary, the Issuer shall discuss such information and the potential redaction thereof with the Remarketing Agent and its counsel to ensure compliance by the Remarketing Agent with MSRB Rule G-34(c).

(c) In the event that the Issuer does not provide the Remarketing Agent with a copy of a document described in Section 9(a) above, the Issuer acknowledges that the Remarketing Agent may file a notice with the SHORT System that such document will not be provided at such times as specified by the MSRB and in the SHORT System users' manual.

(d) The Issuer will hold harmless the Remarketing Agent with respect to any confidential or proprietary information that is made public when the Remarketing Agent files the Rule G-34 Documents with the SHORT System.

(e) If there are any additional regulatory requirements, amendments or modifications to the securities laws with which the Remarketing Agent must comply, the Issuer shall take all steps reasonably requested by the Remarketing Agent or its counsel necessary to comply with such additional requirements.

(f) The Issuer shall reimburse the Remarketing Agent for any costs incurred in connection with compliance with MSRB Rule G-34(c) including, but not limited to, fees charged by trustees or other parties supplying documents that the Issuer has not produced in a timely manner.

**Section 10. Termination or Suspension.** In addition to the provisions of Section 11 (“Resignation and Removal of the Remarketing Agent”) hereof, the Remarketing Agent shall have the right in its sole discretion to immediately terminate or suspend its obligations under this Agreement upon the occurrence of any of the following events by notifying the Issuer and the

Trustee in writing or by electronic means of its election to do so if the Remarketing Agent reasonably determines that one or more of the following events has occurred:

(a) any one or more of the representations and warranties of the Issuer made hereunder is not true and correct in any material respect;

(b) the Issuer has breached one or more of its covenants, agreements or obligations under this Agreement in any material respect;

(c) the Issuer shall fail to observe any of its covenants, agreements or obligations made under the Financing Documents in any material respect;

(d) any event shall occur or information shall become known, which, at any time, in the Remarketing Agent's reasonable opinion, makes untrue, incorrect, incomplete or misleading in any material respect any statement or information contained in the then Current Offering Materials, as the information contained therein has been supplemented or amended, or causes the Current Offering Materials to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(e) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended (whether or not then introduced) to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Remarketing Agent, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds)



or the interest thereon, or any tax exemption granted or authorized by State of California legislation;

(f) legislation shall have been enacted, proposed (whether or not then introduced), introduced or reported by any committee for passage by either house of the Congress or by any body of the State legislature of the State of California or recommended for passage by the President of the United States, or a decision rendered by any federal court or California court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the Securities Act or that the Indenture is not exempt from qualification under the Trust Indenture Act;

(g) a stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution and delivery of any document relating to the issuance, as contemplated hereby or by the Current Offering Materials, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the Securities Act, the Exchange Act or the Trust Indenture Act, each as amended and as then in effect;

(h) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Current Offering Materials, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect;

(i) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(j) any of the rating agencies then rating the Bonds or the 2020 Liquidity Provider shall either (i) downgrade the long-term ratings assigned to either the Bonds or the 2020 Liquidity Provider below “BBB-” by S&P Global Ratings (“S&P”) or Fitch, Inc., doing business as Fitch Ratings (“Fitch”), or “Baa3” by Moody’s Investors Service (“Moody’s”), as applicable, or the short-term ratings assigned to the Bonds below the highest short-term category of the applicable rating agency (without regard to subcategory), or (ii) suspend or withdraw the then current ratings assigned to the Bonds;

(k) a general banking moratorium is declared by either federal, New York or California authorities;

(l) the general suspension of trading on any national securities exchange;

(m) there shall have occurred an actual or imminent default or a moratorium in respect of payment of any United States Treasury bills, bonds or notes, the effect of which, in the Remarketing Agent's judgement, makes it impracticable to market the Bonds or to enforce contracts for the sale of the Bonds;

(n) there shall have occurred any new outbreak of hostilities or any material escalation in any present hostilities or other new national or international calamity, crisis or terrorist activity, the effect of such outbreak, escalation, calamity, crisis or terrorist activity on the operation of the government or financial markets of the United States, in the Remarketing Agent's judgement, is to materially adversely affect the marketability of the Bonds;

(o) the occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market;

(p) an "event of default" shall have occurred and be continuing under any of the Financing Documents;

(q) the Issuer shall fail to pay, or cause to be paid, when due, or shall declare a moratorium on the payment of, or shall repudiate its obligations under, any Bonds or any of its other bonds or indebtedness;

(r) a court of competent jurisdiction shall have entered a final, nonappealable order or judgment that any Bonds or any of the Issuer's other outstanding bonds or indebtedness, or obligations securing any bonds (including, without limitation, the Bonds) or other indebtedness are illegal or unenforceable;

(s) in the reasonable judgment of the Remarketing Agent, the market price or marketability of the Bonds or the ability of the Remarketing Agent to enforce contracts for the sale of Bonds shall have been materially adversely affected by an amendment of or supplement to the Current Offering Materials, notwithstanding the Remarketing Agent's approval or consent of such amendment or supplement prior to its distribution;

(t) there is any material adverse change in the affairs (whether financial or otherwise) of the 2020 Liquidity Provider or the Issuer which, in the sole judgment of the Remarketing Agent, makes it impractical or inadvisable to proceed with the remarketing of the Bonds as contemplated by this Agreement and by the Official Statement;

(u) the expiration or termination of the Letter of Credit unless it is being replaced by an alternate or substitute credit facility or liquidity facility acceptable to the Remarketing Agent;

(v) any litigation shall be instituted, pending or threatened contesting the existence or powers of the Issuer or the 2020 Liquidity Provider; or

(w) the Issuer shall fail to comply in any material respect with its obligations under the Continuing Disclosure Agreement.

**Section 11. Resignation and Removal of the Remarketing Agent.** The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the Trustee and the Issuer with thirty (30) days' prior written notice. The Remarketing Agent may be removed at any time, at the direction of the Issuer upon thirty (30) days' prior written notice to the Remarketing Agent. Upon removal or resignation of the Remarketing Agent, the Issuer shall promptly cause the Trustee to give notice thereof in accordance with the Financing Documents to all Owners and to any rating agency which has assigned a rating to the Bonds.

**Section 12. Dealing in Bonds by the Remarketing Agent.**

(a) The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent may sell any of such Bonds at prices above or below par, at any time. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, trustee, or agent for any committee or body of Owners or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall obligate the Remarketing Agent to purchase any Bonds at any time.

**Section 13. No Advisory or Fiduciary Role.** The Issuer acknowledges and agrees that: (i) the transactions contemplated by this Agreement are arm's length, commercial transactions among the Issuer and in which the Remarketing Agent is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and the Remarketing Agent has financial and other interests that differ from those of the Issuer; (ii) the Remarketing Agent has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Remarketing Agent or its affiliates have provided other services or are currently providing other services to the Issuer on other matters) or other contractual, advisory or fiduciary obligation to the Issuer related to this Agreement except the contractual obligations expressly set forth in this Agreement; (iii) the Remarketing Agent has a duty to deal with the Issuer in a fair and reasonable manner, but must balance that duty with its duty to determine interest rates on the Bonds and perform its other responsibilities as Remarketing Agent in a manner that is fair and reasonable to investors; (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate; and (v) the responsibilities and obligations of the Remarketing Agent under this Agreement are purely contractual in nature and the Remarketing Agent is not undertaking and is not serving in the capacity as agent under the law of agency.

**Section 14. Indemnification and Contribution.**

(a) The Issuer will indemnify and hold harmless the Remarketing Agent, its affiliates and each of their respective directors, officers, employees and agents and each person

who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act (each, a “Remarketing Agent Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which any such Remarketing Agent Indemnified Party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such Remarketing Agent Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon (i) an allegation or determination that the Bonds should have been registered under the Securities Act or the Indenture should have been qualified under the Trust Indenture Act, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any document that constituted a part or the whole of the Current Offering Materials as of any date, or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but the Issuer will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Official Statement under the captions “UNDERWRITING” and “INTRODUCTION—Remarketing Agents,” or made in any Remarketing Memorandum under captions containing descriptions of the Remarketing Agent comparable to the information provided under the caption “INTRODUCTION—Remarketing Agents,” in the Official Statement. This indemnity agreement will not limit any other liability to any Remarketing Agent Indemnified Party the Issuer otherwise may have; provided that in no event will the Issuer be obligated for double indemnification.

(b) A Remarketing Agent Indemnified Party shall, promptly after receipt of notice of the commencement of any action against such Remarketing Agent Indemnified Party in respect of which indemnification may be sought against the Issuer, notify the Issuer in writing of the commencement of the action. Failure of the Remarketing Agent Indemnified Party to give such notice will not relieve the Issuer from any liability it may have to such Remarketing Agent Indemnified Party. If such an action is brought against a Remarketing Agent Indemnified Party and such Remarketing Agent Indemnified Party notifies the Issuer of its commencement, the Issuer may, or if so requested by such Remarketing Agent Indemnified Party shall, participate in or assume its defense, with counsel reasonably satisfactory to the Remarketing Agent Indemnified Party and, after notice from the Issuer to such Remarketing Agent Indemnified Party of an election to assume the defense, the Issuer shall not be liable to the Remarketing Agent Indemnified Party under this Section for any legal or other expenses subsequently incurred by the Remarketing Agent Indemnified Party in connection with the defense other than reasonable costs of investigation. Until the Issuer assumes the defense of any such action at the request of such Remarketing Agent Indemnified Party, the Remarketing Agent Indemnified Party may participate at its own expense in the defense of such action. If the Issuer does not retain counsel to take charge of the defense or if the Remarketing Agent Indemnified Party reasonably concludes that there may be defenses available to it different from or in addition to those available to the Issuer (in which case the Issuer will not have the right to assume the defense of such action on behalf of such Remarketing Agent Indemnified Party), legal and other expenses reasonably incurred by the Remarketing Agent Indemnified Party shall be borne by the Issuer.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 14(a) hereof is due in accordance with its terms but, for any reason, is unavailable on grounds of policy or otherwise, the Issuer and any

Remarketing Agent Indemnified Party will contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense) to which such Remarketing Agent Indemnified Party may be subject in such proportion so that such Remarketing Agent Indemnified Party is responsible for that portion represented by the percentage that the fee to be paid to the Remarketing Agent pursuant to Section 8 (“Fees and Expenses”) hereof bears to the then-outstanding principal amount of the Bonds and the Issuer is responsible for the balance. In no case, however, will the Remarketing Agent Indemnified Party be responsible for any amount in excess of the aggregate fee paid by the Issuer to the Remarketing Agent under this Agreement for the one-year period immediately preceding the application of this provision. Notwithstanding the foregoing, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

**Section 15. Term of Agreement.** This Agreement shall become effective on the date hereof and shall continue in full force and effect until the earliest to occur of (a) the payment in full of the Bonds, (b) the Fixed Rate Conversion Date or (c) the removal or resignation of the Remarketing Agent hereunder. Notwithstanding any provision of the Financing Documents or this Agreement to the contrary, the provisions of Section 8 (“Fees and Expenses”) and Section 14 (“Indemnification and Contribution”) hereof and the obligations of the Issuer and the Remarketing Agent thereunder shall survive any termination of this Agreement.

**Section 16. Governing Law.** This Agreement shall be deemed to be a contract under, and for all purposes shall be governed by and construed and interpreted in accordance with the laws of the State of New York without regard to choice of law rules (other than New York General Obligations Laws Section 5-1401 and 5-1402); provided, however, that the obligations of the Issuer shall be governed by, and construed and interpreted in accordance with the laws of the State of California. Any claim, action or proceeding, directly or indirectly, arising out of, or relating to this Agreement or the Bonds or the offer and sale of the Bonds shall be brought solely in the U.S. federal courts located in the Borough of Manhattan, or the courts of the State of New York located in the Borough of Manhattan, and, in connection with any such claim, action or proceeding, submit to the exclusive jurisdiction of, and venue in, federal or state courts located in the County of New York.

**Section 17. Intention of Parties.** It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

**Section 18. Waiver of Trial by Jury.** ANY RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION OR PROCEEDING, DIRECTLY OR INDIRECTLY, ARISING OUT OF, OR RELATING TO, THIS AGREEMENT ARE EXPRESSLY AND IRREVOCABLY WAIVED BY THE PARTIES HERETO.

**Section 19. Miscellaneous.**

(a) The Issuer acknowledges and agrees that the Remarketing Agent shall have no obligation under this Agreement to provide any services, provide any advice or take any

other action to the extent that the Remarketing Agent determines, in its sole discretion, would cause the Remarketing Agent to be considered a “municipal advisor” as defined under Section 15B of the Exchange Act and SEC Rule 15Ba1-1.

(b) Except as otherwise specifically provided herein, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid. Any such notice shall be effective when received at the address specified below for the intended recipient (or at such other address as such recipient may designate from time to time by notice to the other party).

The Remarketing Agent:

BofA Securities, Inc.  
One Bryant Park, Ninth Floor  
New York, New York 10036  
  
Attention: Municipal Money Markets  
Telephone: 212-449-5101  
Facsimile: 646-736-6960  
Email: [dg.temm@baml.com](mailto:dg.temm@baml.com)

The Issuer:

San Mateo County Transportation Authority  
1250 San Carlos Ave.,  
P.O. Box 3006  
San Carlos, CA 94070-1306

Attention: Executive Director  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]  
Email: [\_\_\_\_\_] ]

The Trustee:

The Bank of New York Mellon Trust Company, N.A.  
[\_\_\_\_\_] ]  
[\_\_\_\_\_] ]

Attention: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]  
Email: [\_\_\_\_\_] ]

The 2020 Liquidity Provider:  
Bank of America, N.A.

[\_\_\_\_\_]

[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

Telephone: [\_\_\_\_\_]

Facsimile: [\_\_\_\_\_]

Email: [\_\_\_\_\_]

(c) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds merely because of such purchase. Neither the 2020 Liquidity Provider nor any Owner or other third party shall have any rights or privileges hereunder.

(d) The Issuer and Remarketing Agent hereby agree that BofAS may, without notice to the Issuer, assign its rights and obligations under this Agreement to any other wholly-owned subsidiary of Bank of America Corporation to which all or substantially all of Remarketing Agent’s municipal markets business may be transferred following the date of this Agreement.

(e) All of the representations and warranties of the Issuer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent; (ii) the offering and sale of and any payment for any Bonds hereunder; or (iii) the termination or cancellation of this Agreement.

(f) This Agreement and each provision hereof shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by each of the parties hereto.

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(h) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

**SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY**

By: \_\_\_\_\_  
[Title]

**BOFA SECURITIES, INC.**

By: \_\_\_\_\_  
Authorized Officer



\$ \_\_\_\_\_  
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)  
2020 SERIES B**

**REMARKETING AGREEMENT**

This Remarketing Agreement, dated as of \_\_\_\_\_, 2020 (the “Agreement”), is entered into by and between the San Mateo County Transportation Authority (the “Issuer”) and J.P. Morgan Securities LLC (“JPM” or the “Remarketing Agent”).

**WHEREAS**, the Issuer (the “Issuer”) has issued its \$ \_\_\_\_\_ San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B (the “Bonds”) pursuant to an Indenture, dated as of \_\_\_\_\_, 2020, by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture, dated as of \_\_\_\_\_, 2020 (collectively, the “Indenture”), by and between the Issuer and the Trustee;

**WHEREAS**, the Bonds and the Indenture provide, among other things, that the owners of the Bonds (the “Owners”), may elect (or may be required) in certain instances to tender their Bonds for purchase upon the terms and conditions contained in the Bonds and the Indenture;

**WHEREAS**, the Indenture provides for the appointment of a remarketing agent to perform certain duties, including the use of its best efforts to remarket any Bonds tendered for purchase by the Owners; and

**WHEREAS**, the Remarketing Agent has agreed to accept the duties and responsibilities of the remarketing agent under the Indenture and this Agreement;

**NOW, THEREFORE**, for and in consideration of the mutual covenants made herein, and subject to the terms and conditions set forth herein, the parties hereto agree as follows:

**Section 1. Definitions.** Each capitalized term not otherwise defined herein shall have the meaning given to that term in the Indenture.

“Continuing Disclosure Agreement” shall mean that Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2020, by and between the Issuer and the Trustee, as dissemination agent for the Issuer.

“2020 Liquidity Facility” shall have the meaning given such term in the Indenture.

“2020 Liquidity Provider” shall have the meaning given such term in the Indenture.

[“2020 Liquidity Provider Agreement” shall have the meaning given such term in the Indenture.]

“EMMA” shall mean the Electronic Municipal Market Access system operated by the MSRB.

“EMMA Materials” shall mean any filing, official statement or offering document or any other document or other information that is filed on EMMA and specifically incorporated by reference into any Current Offering Materials (as defined below).

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Financing Documents” shall mean the the Indenture, the 2020 Liquidity Facility, the 2020 Liquidity Provider Agreement, the Continuing Disclosure Agreement and this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement, dated \_\_\_\_\_, 2020, relating to the Bonds, as it may be supplemented, updated, amended or superseded.

“Rule 15c2-12” shall mean SEC Rule 15c2-12 promulgated under the Exchange Act.

“Rule G-34 Documents” shall mean: (i) the 2020 Liquidity Facility, the 2020 Liquidity Provider Agreement and any other letter of credit agreement, reimbursement agreement, standby bond purchase agreement loan agreement, guaranty agreement or any other document establishing an obligation to provide credit and/or liquidity support with respect to the Bonds; (ii) the Indenture and any other indenture, resolution authorizing the issuance of the Bonds (together with any series resolution hereinafter referred to, the “Resolution”), and any supplemental or series indenture(s) or resolution(s) or any other authorizing document under which the Bonds were issued; (iii) any amendments, extensions, renewals, replacements or terminations thereof; and (iv) any other document required to comply with MSRB Rule G-34(c), as it may be amended from time to time; and, in each case where required to be delivered, such delivery shall be by electronic means in a word-searchable PDF file (or in such other form as the Remarketing Agent shall notify the Issuer in writing) labeled with the following information: (a) CUSIP number; (b) name of Issuer; (c) name of transaction; (d) name of document; and (e) whether the document is an execution version or a redacted version.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“SHORT System” shall mean the MSRB’s Short-term Obligation Rate Transparency System.

“Trust Indenture Act” shall mean the Trust Indenture Act of 1939, as amended.

**Section 2. Appointment of the Remarketing Agent.** Subject to the terms and conditions contained herein, the Issuer hereby appoints JPM as exclusive Remarketing Agent for the Bonds and JPM hereby accepts such appointment.

**Section 3. Responsibilities of the Remarketing Agent.**

(a) Subject to the terms and conditions set forth in this Agreement, JPM agrees to perform the duties of Remarketing Agent set forth in Article XV of the Indenture. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 12 (entitled “Dealing in Bonds by the Remarketing Agent”) herein. The Remarketing Agent shall not be liable for any action taken or omitted to be taken pursuant to this Agreement, except for its own gross negligence or willful misconduct.

(b) Subject to the limitations contained herein and in the Indenture, the Remarketing Agent shall use its best efforts to remarket any Bonds tendered by an Owner pursuant to the terms of the Indenture.

(c) The Remarketing Agent shall determine the interest rates on the Bonds in the manner and at the times specified therefore in the Indenture.

#### **Section 4. Furnishing of Offering Materials; Due Diligence.**

(a) The Issuer agrees to furnish the Remarketing Agent with as many copies as the Remarketing Agent may reasonably request of the Current Offering Materials, and such other information associated with the Issuer and the Bonds as the Remarketing Agent shall reasonably request from time to time, including, without limitation, information deemed necessary by the Remarketing Agent to amend, update or supplement the Current Offering Materials. The term “Current Offering Materials” shall mean (i) initially, the Official Statement together with any supplement, update or amendment thereof, including pursuant to any EMMA Materials, and (ii) upon the preparation and dissemination of any reoffering circular, remarketing memorandum or similar document pursuant to which the Bonds are offered in any remarketing of the Bonds (any such document, together with any supplement, update or amendment of the same, including pursuant to any EMMA Materials, a “Remarketing Memorandum”), such Remarketing Memorandum.

(b) The Issuer agrees to immediately notify the Remarketing Agent (i) if any event shall have occurred or information shall become known as a result of which (A) the Current Offering Materials would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein not misleading in light of the circumstances under which they were made or (B) any representation or warranty of the Issuer under any of the Financing Documents or this Agreement would become false in any material respect and (ii) of any material fact that the Issuer is aware of that may affect the remarketing of the Bonds or the marketability of the Bonds including, but not limited to, (A) any material adverse change in the condition (financial or otherwise), prospects (financial or otherwise) or general affairs of the Issuer, (B) any reduction or threatened reduction (by way of credit watch or similar rating agency action) in the ratings of the Bonds, (C) any adverse change (threatened or otherwise) in the tax treatment of interest on the Bonds received by the holders of the Bonds or (D) any other material adverse change that may affect the remarketing of the Bonds or any fact or circumstance which constitutes, or with the passage of time would constitute, an event of default under the Financing Documents.

(c) The Issuer hereby agrees that it will make any amendment or supplement to the Current Offering Materials that is necessary such that the Current Offering Materials do not contain an untrue statement of material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Issuer shall not effect any such amendment or supplement to the Current Offering Materials without the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld); provided, further, that if the Remarketing Agent determines that an updating or supplementing of the Current Offering Materials is required to comply with federal or state securities laws, the Issuer will promptly update the Current Offering Materials in form and substance reasonably satisfactory to the Remarketing Agent.

(d) The Issuer will take any and all actions as shall be necessary to permit compliance by the Remarketing Agent with Rule 15c2-12.

(e) Upon any dissemination of any Remarketing Memorandum or any amendment, update or supplement of the Current Offering Materials issued subsequent to the initial issuance of the Bonds, the Issuer agrees to provide (in form and substance reasonably satisfactory to the Remarketing Agent):

(1) a certificate of an Authorized Representative of the Issuer, dated as of the date of such amendment, update or supplement, to the effect that the information relating to the Issuer contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, does not contain any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(2) an opinion of Bond Counsel, dated as of the date of such amendment, update or supplement, that (i) states that the descriptions of the Bonds and the Financing Documents contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, are true and correct in all material respects (or a substantially similar statement) and (ii) covers the disclosure contained in the Remarketing Memorandum or Current Offering Materials, as so amended, updated or supplemented, describing the tax-exemption or other tax characteristics of the Bonds and the opinion of Bond Counsel related to such characteristics;

(3) opinions of counsel to the Remarketing Agent, Issuer and Disclosure Counsel or a similar counsel, dated as of the date of such amendment, update or supplement, to the effect that nothing has come to the attention of such counsel that would cause such counsel to conclude that such Remarketing Memorandum or the Current Offering Materials, as so amended, updated or supplemented, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading;

(4) a certificate of the 2020 Liquidity Provider, dated as of the date of such amendment, update or supplement, to the effect that the information relating to the 2020 Liquidity Facility contained in such Remarketing Memorandum or the Current Offering Materials, as so amended, updated or supplemented, does not contain any untrue statement of a

material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

(5) a certificate of an Authorized Representative of the Issuer, dated as of the date of such amendment, update or supplement, to the effect that during the last five years, the Issuer has not failed to comply, in any material respect, with the Continuing Disclosure Agreement or any other undertaking relating to continuing disclosure of information with respect to the Issuer pursuant to Rule 15c2-12.

(f) The Issuer hereby agrees that, in connection with any dissemination of a Remarketing Memorandum and any amendment, update or supplement of the Current Offering Materials issued subsequent to the initial issuance of the Bonds and from time to time upon the reasonable request of the Remarketing Agent, the Issuer (i) will permit the Remarketing Agent to perform reasonable inquiries and investigations into, (ii) will make appropriate Issuer officials available to answer such reasonable questions of the Remarketing Agent concerning, and (iii) will provide to the Remarketing Agent copies of such documents and other information reasonably relating to, in each case of (i), (ii) and (iii), the finances, operations and affairs of the Issuer and the terms and conditions of the Bonds.

(g) The Issuer shall furnish such information, execute such instruments and take such other action in cooperation with the Remarketing Agent as the Remarketing Agent may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Remarketing Agent may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification under clause (i) in effect so long as required for distribution of the Bonds by the Remarketing Agent; provided, however, that in no event shall the Issuer be required to consent to suit or to service of process in any jurisdiction or to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject.

(h) The Issuer hereby covenants and agrees that it will comply with the Continuing Disclosure Agreement.

**Section 5. Remarketings that are Primary Offerings.** The Issuer hereby engages the Remarketing Agent as an underwriter in any remarketing of the Bonds that the Remarketing Agent reasonably determines constitutes a “primary offering” of the Bonds within the meaning of Rule 15c2-12, and not as a financial advisor or “municipal advisor” as defined under Section 15B of the Exchange Act, and SEC Rule 15Ba1-1. In connection therewith, the Issuer solicits advice from the Remarketing Agent, as an underwriter, on the structure, timing, terms and other similar matters concerning the Bonds.

**Section 6. Representations and Warranties of the Issuer.** The Issuer represents and warrants to the Remarketing Agent as of the date hereof, and as of the date of any remarketing following a mandatory tender of the Bonds, the date on which there is any dissemination of any Remarketing Memorandum, and the date on which there is any dissemination of any amendment, update or supplement of the Current Offering Materials, as follows:

(a) the Indenture, the Resolution are in full force and effect and have not been modified or amended since adoption, and accordingly the Issuer has full power and authority to issue the Bonds, to enter into, perform and observe the covenants and agreements on its part contained in the Financing Documents and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents;

(b) the Financing Documents have been duly authorized, executed and delivered by the Issuer. The Financing Documents constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights;

(c) the Bonds have been duly authorized and executed by the Issuer and, when authenticated and delivered by the Trustee, will constitute valid and binding limited obligations of the Issuer in accordance with their terms, in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights;

(d) the issuance and sale of the Bonds do not require registration of the Bonds under the Securities Act;

(e) the Current Offering Materials do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) as of any date on which the Issuer disseminates a Remarketing Memorandum, the Remarketing Memorandum will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) as of any date on which the Issuer supplements, updates or amends the Current Offering Materials, the Current Offering Materials, as so supplemented, updated or amended, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there are no consents, authorization or approvals of, or filings with, any federal or state government authority (other than the Issuer) required in connection with the issuance or sale by the Issuer of the Bonds, the execution and delivery by the Issuer of the Financing Documents and the performance of its obligations thereunder except as may be required by state securities laws (as to which no representation is made) and those which have already been obtained or made;

(i) the execution, delivery and performance by the Issuer of the Financing Documents have not and will not result in a breach or violation of, conflict with, or constitute a default under any law, regulation, order, judgment, agreement or instrument to which the Issuer is a party or by which the Issuer or any of its property is bound;

(j) except as disclosed in the Current Offering Materials, there is no litigation or governmental proceeding pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer:

(1) which might reasonably be expected to result in a material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer or the ability of the Issuer to perform its obligations under the Financing Documents;

(2) contesting the validity or enforceability of the Financing Documents; or

(3) contesting the existence or powers of the Issuer;

(k) except as disclosed in the Current Offering Materials, during the last five years the Issuer has not failed to materially comply with any previous continuing disclosure undertaking it has entered into in connection with Rule 15c2-12;

(l) the Bonds that have been tendered for purchase and would otherwise be subject to remarketing shall not have been called for redemption or mandatory tender pursuant to the Indenture unless the remarketing of such Bonds is permitted under the Indenture or under the applicable optional or mandatory tender provisions in the Bonds;

(m) none of the events set forth in Section 10 hereof shall have occurred and be continuing;

(n) all of the representations and warranties of the Issuer as are set forth by it in the 2020 Liquidity Provider Agreement (or incorporated by reference into the 2020 Liquidity Provider Agreement), which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Remarketing Agent with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety, are true and correct in all material respects (no amendment to such representations and warranties or defined terms made pursuant to the 2020 Liquidity Provider Agreement shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Remarketing Agent); and

(o) each of the representations and warranties of the Issuer set forth in the Bond Purchase Agreement dated \_\_\_\_\_, 2020 relating to the Bonds are true and correct in all material respects.

**Section 7. Representations and Warranties of the Remarketing Agent.** The Remarketing Agent represents and warrants as of the date hereof as follows:

(a) the Remarketing Agent is a member of the Financial Industry Regulatory Authority, having a capitalization of at least \$15,000,000, and otherwise meets the requirements for the Remarketing Agent set forth in the Indenture;

(b) the Remarketing Agent has been duly incorporated, is validly existing and is in good standing under the laws of the State of Delaware, and is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Indenture; and

(c) the Remarketing Agent has full power and authority to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Indenture.

**Section 8. Fees and Expenses.**

(a) For the Remarketing Agent's services under this Agreement and the Indenture, the Issuer will pay to the Remarketing Agent a fee (the "Remarketing Agent Fee") equal to [the greater of (a) ]the *per annum* rate of [\_\_\_]% of the weighted average aggregate principal amount of Bonds outstanding for the immediately preceding quarter [and (b) \$\_\_\_\_\_], until the earlier to occur of (x) the termination of this Agreement or (z) the effective date of the removal or resignation of the Remarketing Agent. The Issuer shall pay the Remarketing Agent Fee, in arrears, commencing on \_\_\_\_\_, \_\_, and thereafter on each \_\_\_\_\_ 1, \_\_\_\_\_ 1, \_\_\_\_\_ 1 and \_\_\_\_\_ 1. In the event of a termination of this Agreement or the removal or resignation of the Remarketing Agent, the Issuer shall pay any accrued Remarketing Agent Fee during the quarter in which such termination, removal or resignation occurs on the effective date of such termination, removal or resignation. [If the Bonds are remarketed in connection with the conversion of the interest rate to a [Term Rate] or a [Fixed Rate], the Issuer and the Remarketing Agent will act in good faith to agree on a fee for such remarketing.]

(b) The Issuer will pay all expenses of delivering remarketed Bonds and reimburse the Remarketing Agent for all out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

**Section 9. Compliance with MSRB Rule G-34(c).**

(a) The Issuer agrees that it shall provide the following to the Remarketing Agent to assist in complying with its obligations under MSRB Rule G-34(c):

(1) on the effective date of this Agreement, a copy of each executed and currently effective Rule G-34 Document;

(2) no later than ten (10) business days prior to the proposed date of any amendment, extension or renewal, replacement or termination of any of the then current Rule G-34 Documents, written notice that such document is proposed to be amended, extended, renewed, replaced or terminated, as the case may be, and the expected date of execution and delivery of such amendment, extension, renewal, replacement or termination, as the case may be;



(3) within one (1) business day after the execution and delivery of any amendment, extension, renewal, replacement or termination, as the case may be, of any of the then current Rule G-34 Documents, a copy thereof; and

(4) no later than three (3) business days after receiving a request from the Remarketing Agent for any Rule G-34 Document, a copy thereof.

In each instance that Rule G-34 Documents are delivered to the Remarketing Agent pursuant to this Section 9(a), the Issuer shall provide: (A) a clean final execution copy of each relevant document; and (B) in any such document where any redactions are made, (x) a redacted final execution copy of such document, and (y) a file containing a list showing all redactions that have been made to such document.

(b) If the Issuer determines that any information in the Rule G-34 Documents is confidential or proprietary, the Issuer shall discuss such information and the potential redaction thereof with the Remarketing Agent and its counsel to ensure compliance by the Remarketing Agent with MSRB Rule G-34(c).

(c) In the event that the Issuer does not provide the Remarketing Agent with a copy of a document described in Section 9(a) above, the Issuer acknowledges that the Remarketing Agent may file a notice with the SHORT System that such document will not be provided at such times as specified by the MSRB and in the SHORT System users' manual.

(d) The Issuer will hold harmless the Remarketing Agent with respect to any confidential or proprietary information that is made public when the Remarketing Agent files the Rule G-34 Documents with the SHORT System.

(e) If there are any additional regulatory requirements, amendments or modifications to the securities laws with which the Remarketing Agent must comply, the Issuer shall take all steps reasonably requested by the Remarketing Agent or its counsel necessary to comply with such additional requirements.

(f) The Issuer shall reimburse the Remarketing Agent for any costs incurred in connection with compliance with MSRB Rule G-34(c) including, but not limited to, fees charged by trustees or other parties supplying documents that the Issuer has not produced in a timely manner.

**Section 10. Termination or Suspension.** In addition to the provisions of Section 11 ("Resignation and Removal of the Remarketing Agent") hereof, the Remarketing Agent shall have the right in its sole discretion to immediately terminate or suspend its obligations under this Agreement upon the occurrence of any of the following events by notifying the Issuer and the Trustee in writing or by electronic means of its election to do so if the Remarketing Agent reasonably determines that one or more of the following events has occurred:

(a) any one or more of the representations and warranties of the Issuer made hereunder is not true and correct in any material respect;

(b) the Issuer has breached one or more of its covenants, agreements or obligations under this Agreement in any material respect;

(c) the Issuer shall fail to observe any of its covenants, agreements or obligations made under the Financing Documents in any material respect;

(d) any event shall occur or information shall become known, which, at any time, in the Remarketing Agent's reasonable opinion, makes untrue, incorrect, incomplete or misleading in any material respect any statement or information contained in the then Current Offering Materials, as the information contained therein has been supplemented or amended, or causes the Current Offering Materials to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(e) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended (whether or not then introduced) to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Remarketing Agent, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation;

(f) legislation shall have been enacted, proposed (whether or not then introduced), introduced or reported by any committee for passage by either house of the Congress or by any body of the State legislature of the State of California or recommended for passage by the President of the United States, or a decision rendered by any federal court or

California court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the Securities Act or that the Indenture is not exempt from qualification under the Trust Indenture Act;

(g) a stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution and delivery of any document relating to the issuance, as contemplated hereby or by the Current Offering Materials, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the Securities Act, the Exchange Act or the Trust Indenture Act, each as amended and as then in effect;

(h) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Current Offering Materials, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect;

(i) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(j) any of the rating agencies then rating the Bonds or the 2020 Liquidity Provider shall either (i) downgrade the long-term ratings assigned to either the Bonds or the 2020 Liquidity Provider below “BBB-” by S&P Global Ratings (“S&P”) or Fitch, Inc., doing business as Fitch Ratings (“Fitch”), or “Baa3” by Moody’s Investors Service (“Moody’s”), as applicable, or the short-term ratings assigned to the Bonds below the highest short-term category of the applicable rating agency (without regard to subcategory), or (ii) suspend or withdraw the then current ratings assigned to the Bonds;

(k) a general banking moratorium is declared by either federal, New York or California authorities;

(l) the general suspension of trading on any national securities exchange;

(m) there shall have occurred an actual or imminent default or a moratorium in respect of payment of any United States Treasury bills, bonds or notes, the effect of which, in the Remarketing Agent’s judgement, makes it impracticable to market the Bonds or to enforce contracts for the sale of the Bonds;

(n) there shall have occurred any new outbreak of hostilities or any material escalation in any present hostilities or other new national or international calamity, crisis or

terrorist activity, the effect of such outbreak, escalation, calamity, crisis or terrorist activity on the operation of the government or financial markets of the United States, in the Remarketing Agent's judgement, is to materially adversely affect the marketability of the Bonds;

(o) the occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market;

(p) an "event of default" shall have occurred and be continuing under any of the Financing Documents;

(q) the Issuer shall fail to pay, or cause to be paid, when due, or shall declare a moratorium on the payment of, or shall repudiate its obligations under, any Bonds or any of its other bonds or indebtedness;

(r) a court of competent jurisdiction shall have entered a final, nonappealable order or judgment that any Bonds or any of the Issuer's other outstanding bonds or indebtedness, or obligations securing any bonds (including, without limitation, the Bonds) or other indebtedness are illegal or unenforceable;

(s) in the reasonable judgment of the Remarketing Agent, the market price or marketability of the Bonds or the ability of the Remarketing Agent to enforce contracts for the sale of Bonds shall have been materially adversely affected by an amendment of or supplement to the Current Offering Materials, notwithstanding the Remarketing Agent's approval or consent of such amendment or supplement prior to its distribution;

(t) there is any material adverse change in the affairs (whether financial or otherwise) of the 2020 Liquidity Provider or the Issuer which, in the sole judgment of the Remarketing Agent, makes it impractical or inadvisable to proceed with the remarketing of the Bonds as contemplated by this Agreement and by the Official Statement;

(u) the expiration or termination of the Letter of Credit unless it is being replaced by an alternate or substitute credit facility or liquidity facility acceptable to the Remarketing Agent;

(v) any litigation shall be instituted, pending or threatened contesting the existence or powers of the Issuer or the 2020 Liquidity Provider; or

(w) the Issuer shall fail to comply in any material respect with its obligations under the Continuing Disclosure Agreement.

**Section 11. Resignation and Removal of the Remarketing Agent.** The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the Trustee and the Issuer with thirty (30) days' prior written notice. The Remarketing Agent may be removed at any time, at the direction of the Issuer upon thirty (30) days' prior written notice to the Remarketing Agent. Upon removal or resignation of the Remarketing Agent, the Issuer shall promptly cause the Trustee to give notice thereof in accordance with the

Financing Documents to all Owners and to any rating agency which has assigned a rating to the Bonds.

**Section 12. Dealing in Bonds by the Remarketing Agent.**

(a) The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent may sell any of such Bonds at prices above or below par, at any time. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, trustee, or agent for any committee or body of Owners or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall obligate the Remarketing Agent to purchase any Bonds at any time.

**Section 13. No Advisory or Fiduciary Role.** The Issuer acknowledges and agrees that: (i) the transactions contemplated by this Agreement are arm's length, commercial transactions among the Issuer and in which the Remarketing Agent is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and the Remarketing Agent has financial and other interests that differ from those of the Issuer; (ii) the Remarketing Agent has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Remarketing Agent or its affiliates have provided other services or are currently providing other services to the Issuer on other matters) or other contractual, advisory or fiduciary obligation to the Issuer related to this Agreement except the contractual obligations expressly set forth in this Agreement; (iii) the Remarketing Agent has a duty to deal with the Issuer in a fair and reasonable manner, but must balance that duty with its duty to determine interest rates on the Bonds and perform its other responsibilities as Remarketing Agent in a manner that is fair and reasonable to investors; (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate; and (v) the responsibilities and obligations of the Remarketing Agent under this Agreement are purely contractual in nature and the Remarketing Agent is not undertaking and is not serving in the capacity as agent under the law of agency.

**Section 14. Indemnification and Contribution.**

(a) The Issuer will indemnify and hold harmless the Remarketing Agent, its affiliates and each of their respective directors, officers, employees and agents and each person who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act (each, a "Remarketing Agent Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which any such Remarketing Agent Indemnified Party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such Remarketing Agent Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such

losses, claims, damages, liabilities or actions arise out of or are based upon (i) an allegation or determination that the Bonds should have been registered under the Securities Act or the Indenture should have been qualified under the Trust Indenture Act, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any document that constituted a part or the whole of the Current Offering Materials as of any date, or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but the Issuer will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Official Statement under the captions “UNDERWRITING” and “INTRODUCTION—Remarketing Agents,” or made in any Remarketing Memorandum under captions containing descriptions of the Remarketing Agent comparable to the information provided under the caption “INTRODUCTION—Remarketing Agents,” in the Official Statement. This indemnity agreement will not limit any other liability to any Remarketing Agent Indemnified Party the Issuer otherwise may have; provided that in no event will the Issuer be obligated for double indemnification.

(b) A Remarketing Agent Indemnified Party shall, promptly after receipt of notice of the commencement of any action against such Remarketing Agent Indemnified Party in respect of which indemnification may be sought against the Issuer, notify the Issuer in writing of the commencement of the action. Failure of the Remarketing Agent Indemnified Party to give such notice will not relieve the Issuer from any liability it may have to such Remarketing Agent Indemnified Party. If such an action is brought against a Remarketing Agent Indemnified Party and such Remarketing Agent Indemnified Party notifies the Issuer of its commencement, the Issuer may, or if so requested by such Remarketing Agent Indemnified Party shall, participate in or assume its defense, with counsel reasonably satisfactory to the Remarketing Agent Indemnified Party and, after notice from the Issuer to such Remarketing Agent Indemnified Party of an election to assume the defense, the Issuer shall not be liable to the Remarketing Agent Indemnified Party under this Section for any legal or other expenses subsequently incurred by the Remarketing Agent Indemnified Party in connection with the defense other than reasonable costs of investigation. Until the Issuer assumes the defense of any such action at the request of such Remarketing Agent Indemnified Party, the Remarketing Agent Indemnified Party may participate at its own expense in the defense of such action. If the Issuer does not retain counsel to take charge of the defense or if the Remarketing Agent Indemnified Party reasonably concludes that there may be defenses available to it different from or in addition to those available to the Issuer (in which case the Issuer will not have the right to assume the defense of such action on behalf of such Remarketing Agent Indemnified Party), legal and other expenses reasonably incurred by the Remarketing Agent Indemnified Party shall be borne by the Issuer.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 14(a) hereof is due in accordance with its terms but, for any reason, is unavailable on grounds of policy or otherwise, the Issuer and any Remarketing Agent Indemnified Party will contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense) to which such Remarketing Agent Indemnified Party may be subject in such proportion so that such Remarketing Agent Indemnified Party is responsible for that portion represented by the percentage that the fee to be paid to the Remarketing Agent pursuant to Section 8 (“Fees and Expenses”) hereof bears to the then-outstanding principal amount of the Bonds and the Issuer is

responsible for the balance. In no case, however, will the Remarketing Agent Indemnified Party be responsible for any amount in excess of the aggregate fee paid by the Issuer to the Remarketing Agent under this Agreement for the one-year period immediately preceding the application of this provision. Notwithstanding the foregoing, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

**Section 15. Term of Agreement.** This Agreement shall become effective on the date hereof and shall continue in full force and effect until the earliest to occur of (a) the payment in full of the Bonds, (b) the Fixed Rate Conversion Date or (c) the removal or resignation of the Remarketing Agent hereunder. Notwithstanding any provision of the Financing Documents or this Agreement to the contrary, the provisions of Section 8 (“Fees and Expenses”) and Section 14 (“Indemnification and Contribution”) hereof and the obligations of the Issuer and the Remarketing Agent thereunder shall survive any termination of this Agreement.

**Section 16. Governing Law.** This Agreement shall be deemed to be a contract under, and for all purposes shall be governed by and construed and interpreted in accordance with the laws of the State of New York without regard to choice of law rules (other than New York General Obligations Laws Section 5-1401 and 5-1402); provided, however, that the obligations of the Issuer shall be governed by, and construed and interpreted in accordance with the laws of the State of California. Any claim, action or proceeding, directly or indirectly, arising out of, or relating to this Agreement or the Bonds or the offer and sale of the Bonds shall be brought solely in the U.S. federal courts located in the Borough of Manhattan, or the courts of the State of New York located in the Borough of Manhattan, and, in connection with any such claim, action or proceeding, submit to the exclusive jurisdiction of, and venue in, federal or state courts located in the County of New York.

**Section 17. Intention of Parties.** It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

**Section 18. Waiver of Trial by Jury.** ANY RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION OR PROCEEDING, DIRECTLY OR INDIRECTLY, ARISING OUT OF, OR RELATING TO, THIS AGREEMENT ARE EXPRESSLY AND IRREVOCABLY WAIVED BY THE PARTIES HERETO.

**Section 19. Miscellaneous.**

(a) The Issuer acknowledges and agrees that the Remarketing Agent shall have no obligation under this Agreement to provide any services, provide any advice or take any other action to the extent that the Remarketing Agent determines, in its sole discretion, would cause the Remarketing Agent to be considered a “municipal advisor” as defined under Section 15B of the Exchange Act and SEC Rule 15Ba1-1.

(b) Except as otherwise specifically provided herein, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by

electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid. Any such notice shall be effective when received at the address specified below for the intended recipient (or at such other address as such recipient may designate from time to time by notice to the other party).

The Remarketing Agent:

J.P. Morgan Securities LLC  
560 Mission Street Floor 3  
San Francisco, CA 94105

Attention:  
Telephone:  
Facsimile:  
Email:

The Issuer:

San Mateo County Transportation Authority  
1250 San Carlos Ave.,  
P.O. Box 3006  
San Carlos, CA 94070-1306

Attention: Executive Director  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]  
Email: [\_\_\_\_\_] ]

The Trustee:

The Bank of New York Mellon Trust Company, N.A.  
[\_\_\_\_\_] ]  
[\_\_\_\_\_] ]

Attention: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]  
Email: [\_\_\_\_\_] ]

The 2020 Liquidity Provider:

Bank of America, N.A.  
[\_\_\_\_\_] ]  
[\_\_\_\_\_] ]

Attention: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]  
Email: [\_\_\_\_\_] ]



(c) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds merely because of such purchase. Neither the 2020 Liquidity Provider nor any Owner or other third party shall have any rights or privileges hereunder.

(d) The Issuer and Remarketing Agent hereby agree that JPM may, without notice to the Issuer, assign its rights and obligations under this Agreement to any other wholly-owned subsidiary of [JP Morgan parent?] to which all or substantially all of Remarketing Agent’s municipal markets business may be transferred following the date of this Agreement.

(e) All of the representations and warranties of the Issuer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent; (ii) the offering and sale of and any payment for any Bonds hereunder; or (iii) the termination or cancellation of this Agreement.

(f) This Agreement and each provision hereof shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by each of the parties hereto.

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(h) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

**SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY**

By: \_\_\_\_\_  
[Title]

**J.P. MORGAN SECURITIES LLC**

By: \_\_\_\_\_  
Authorized Officer

\$ \_\_\_\_\_  
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)  
2020 SERIES A**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2020

San Mateo County Transportation Authority  
1250 San Carlos Ave.  
P.O. Box 3006  
San Carlos, CA 94070-1306  
Attention: Executive Director

Ladies and Gentlemen:

BofA Securities, Inc. on behalf of itself and as representative (the “Representative”) of J.P. Morgan Securities LLC (collectively, with the Representative, the “Underwriters”) hereby offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the San Mateo County Transportation Authority, a public entity duly established and existing under the laws of the State of California (the “Issuer”), whereby the Underwriters will purchase and the Issuer will sell the Bonds (as defined and described below). The Underwriters are making this offer subject to the acceptance by the Issuer at or before 5:00 P.M., Pacific Time, on the date hereof. If the Issuer accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriters. The Underwriters may withdraw this Purchase Agreement upon written notice delivered by the Representative to the Executive Director of the Issuer at any time before the Issuer accepts this Purchase Agreement. Terms used but not defined in this Purchase Agreement are defined in the Indenture (as defined below).

1. PURCHASE AND SALE.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the following bonds: San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A (the “Bonds”), at the purchase price of \$ \_\_\_\_\_, representing the aggregate principal amount of the Bonds less an Underwriter’s discount of \$ \_\_\_\_\_ [plus net original issue premium of \$ \_\_\_\_\_/less net original discount of \$ \_\_\_\_\_]. The Underwriters intend to make an initial bona fide public offering of the Bonds at a price or prices described in Schedule I

hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Bonds (but in all cases subject to the requirements of Section 5 hereof), and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the Underwriters at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to the requirements of Section 5 hereof).

The Issuer acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Issuer and the Underwriters and the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

## 2. DESCRIPTION AND PURPOSE OF THE BONDS.

The Bonds have been authorized pursuant to Section 131109 of the California Public Utilities Code (the "Act") and Resolution No. \_\_ adopted by the Board of Directors of the Issuer on \_\_\_\_\_, 2020 (the "Authorizing Resolution"). The Bonds shall be dated their date of delivery. The Bonds shall be issued and secured under and pursuant to the Indenture, dated as of \_\_\_\_\_, 2020, by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of \_\_\_\_\_, 2020 (collectively, the "Indenture"), by and between the Issuer and the Trustee.

The proceeds of the sale of the Bonds will be used to (i) finance Costs of the Project, as defined in the Preliminary Official Statement, (ii) fund estimated interest with respect to the Bonds through approximately \_\_\_\_, 2023, and (iii) pay the costs of issuing the Bonds.

The Bonds will be secured under the provisions of the Act and the Indenture. The Bonds shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in Schedule I attached hereto. The Authorized Denominations, Record Dates, Interest Payment Dates, Sinking Fund Payment Dates, and other details and particulars of the Bonds shall be as described in the Indenture and the Official Statement (as defined below) of the Issuer.

Payment of the principal of and interest on the Bonds will be primarily secured by the Measure A Sales Tax Revenues and the Measures W Sales Tax Revenues, as such terms are defined in the Official Statement. Pursuant to the Amended and Restated Agreement For State Administration of District Transactions and Uses Taxes, dated as of \_\_\_\_\_, 2020 (the “Measure A Agreement for State Administration of District Transactions and Use Taxes”), by and between the Issuer and the California Department of Tax and Fee Administration (the “Board”), the Board will administer the Measure A Sales Tax and transfer the Measure A Sales Tax Revenues to the Trustee. Pursuant to the Measure W Sales Tax Transfer Agreement, dated as of \_\_\_\_\_, 2020 (the “Measure W Sales Tax Transfer Agreement”), the San Mateo County Transit District (the “SMCTD”) will agree to irrevocably transfer and assign 50% of the Measure W Sales Tax Revenues to the Authority, for so long as the Authority Exists. Pursuant to the Amended and Restated Agreement For State Administration of District Transactions and Uses Taxes, dated as of \_\_\_\_\_, 2020 (the “Measure W Agreement for State Administration of District Transactions and Use Taxes”), by and between the Issuer and the “Board, the Board will administer the Measure W Sales Tax and transfer the Measure W Sales Tax Revenues to the Trustee.

In connection with the remarketing on any tender date for the Bonds, the Issuer will enter into a Remarketing Agreement (the “Remarketing Agreement”), dated as of \_\_\_\_\_, 2020 with BofA Securities, Inc., as remarketing agent for the Bonds (the “Remarketing Agent”).

Payment of the principal of, interest on and purchase price of the Bonds will be secured by an irrevocable, direct-pay letter of credit (the “Letter of Credit”) to be issued concurrently with the issuance of the Bonds by Bank of America, N.A. (the “Letter of Credit Provider”), pursuant to the provisions of a Reimbursement Agreement (the “Reimbursement Agreement”), dated as of \_\_\_\_\_, 2020 between the Issuer, the Trustee and the Letter of Credit Provider.

### 3. DELIVERY OF THE OFFICIAL STATEMENT AND OTHER DOCUMENTS.

(a) The Issuer has approved and delivered or caused to be delivered to the Underwriters copies of the Preliminary Official Statement dated \_\_\_\_\_, 2020, which, including the cover page and all appendices thereto, is herein referred to as the “Preliminary Official Statement.” It is acknowledged by the Issuer that the Underwriters may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the Issuer shall deliver to the Underwriters a final Official Statement relating to the Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been

approved by the Issuer, Bond Counsel, Disclosure Counsel and the Representative is referred to herein as the “Official Statement”) and such additional conformed copies thereof as the Representative may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the MSRB and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Official Statement shall be executed by and on behalf of the Issuer by an authorized officer of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The Issuer hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (“SEC”) including in a word-searchable pdf format including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriters before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriters of the Official Statement and the Indenture in connection with the public offering and sale of the Bonds.

(c) In order to assist the Underwriters in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2020 (the “Disclosure Agreement”), by and between the Issuer and the Trustee, as dissemination agent for the Issuer (the “Dissemination Agent”), to provide annual financial information and notices of the occurrence of specified events. A description of the Disclosure Agreement is set forth in, and a form of such agreement is attached as Appendix D to the Preliminary Official Statement and the Official Statement.

#### 4. ESTABLISHMENT OF ISSUE PRICE.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, substantially in the form attached hereto as Exhibit A, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. [All actions to be taken by the Issuer under this section to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.]

(b) [Except for the maturities set forth in Schedule I attached hereto,] the Issuer represents that it will treat the first price at which 10% of each maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10%

Test). [If, as of the date hereof, the 10% Test has not been satisfied as to any maturity of the Bonds for which the Issuer has elected to utilize the 10% Test, the Representative agrees to promptly report to the Issuer the prices at which Bonds of that maturity or maturities have been sold by the Underwriters to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% Test has been satisfied as to the Bonds of that maturity or maturities or the Closing Date.]]

[(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% Test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agrees that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.]

[(c)][(d)] The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% Test has been satisfied as to the Bonds of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters and any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

The Issuer acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.]

[(d)][(e)] The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter,



- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

5. REPRESENTATIONS. THE ISSUER REPRESENTS TO AND AGREES WITH THE UNDERWRITERS THAT:

(a) The Issuer is duly organized and validly existing, with full legal right, power and authority to issue, sell and deliver the Bonds to the Underwriters pursuant to the Indenture, and execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Indenture, the Bonds, the Reimbursement Agreement, the Remarketing Agreement, the Disclosure Agreement, the Measure A Agreement for State Administration of District Transactions and Use Taxes, the Measure W Agreement for State Administration of District Transactions and Use Taxes and the Measure W Sales Tax Transfer Agreement (collectively, the “Legal Documents”) and to perform and consummate all obligations and transactions required or contemplated by each of the Legal Documents and the Official Statement.

(b) The Authorizing Resolution approving and authorizing the execution and delivery by the Issuer of the Legal Documents and the offering, issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the Board of Directors of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Indenture and the Bonds conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the Bonds, when duly issued and authenticated in accordance with the Indenture and delivered to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Indenture and payable from the sources therein specified.

(d) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Legal Documents. Each of the Legal Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Each of the Legal Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Authorizing Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of the Legal Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except as described in or contemplated by the Legal Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Authorizing Resolution and the Legal Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Legal Documents have been obtained; provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any officer of the Issuer and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made.

(h) Between the date hereof and the time of the Closing, the Issuer shall not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) The financial statements of the Issuer as of June 30, 2019 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since June 30, 2019 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement (excluding therefrom the information under the caption “UNDERWRITING” and in Appendix E, as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom the information under the caption “UNDERWRITING” and in Appendix E, as to which no representations or warranties are made) up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including that date that is 25 days from the “end of the underwriting period” (as defined in Rule 15c2-12), the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date hereof and the end of the underwriting period, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly (and in any event before the

Closing) prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(n) Except as described in the Preliminary Official Statement and Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer or against any other party of which the Issuer has notice or, to the knowledge of the Issuer, threatened against the Issuer: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Legal Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Legal Documents. The Issuer shall advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

(o) During the last five years, the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) The Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

All representations, warranties and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Bonds.

## 6. CLOSING.

At 8:30 A.M., Pacific Time, on \_\_\_\_\_, 2020, or at such other time or date as the Representative and the Issuer may mutually agree upon as the date and time of the Closing (the "Closing Date"), the Issuer will deliver or cause to be delivered to the Underwriters, at the offices of Norton Rose Fulbright US LLP ("Bond Counsel"), Los Angeles, California, or at such other place as the Representative and the Issuer may mutually agree upon, the Bonds, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 7. At the Closing, (a) upon

satisfaction of the conditions herein specified, the Underwriters shall accept the delivery of the Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Bonds to the Underwriters through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Representative at the Closing and the Issuer shall deliver the other documents hereinafter mentioned. The Bonds shall be made available to the Underwriters at least one (1) business day before the Closing Date for purposes of inspection.

7. CONDITIONS PRECEDENT.

The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(b) At the time of the Closing, the Official Statement, the Authorizing Resolution and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative.

(c) The Issuer shall perform or have performed all of its obligations required under or specified in the Authorizing Resolution, the Legal Documents, the Letter of Credit and the Official Statement to be performed at or prior to the Closing.

(d) The Issuer shall have delivered to the Underwriters final Official Statements by the time, and in the numbers, required by Section 4 of this Purchase Agreement.

(e) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Legal Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Legal Documents or the Revenues as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Bonds.

(g) At or prior to the Closing, the Representative shall receive the following documents (in each case with only such changes as the Representative shall approve):

- i. The approving opinion(s) of Bond Counsel relating to the Bonds, dated the Closing Date, substantially in the form attached as Appendix F to the Official Statement, and, if not otherwise directly addressed to the Underwriters, a reliance letter with respect thereto addressed to the Underwriters;
- ii. The supplemental opinion of Bond Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that:
  1. This Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;
  2. The statements contained in the Preliminary Official Statement and the Official Statement on the cover page and in the sections entitled "INTRODUCTION," DESCRIPTION OF THE 2020 BONDS" (other than the information concerning DTC and the book-entry system), and "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" insofar as such statements expressly summarize certain provisions of the Indenture, the Bonds, and the form and content of such counsel's opinion attached as Appendix F to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and
  3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");
- iii. A letter, dated the Closing Date and addressed to the Underwriters, from Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel, to the effect that:
  1. The Bonds are exempt from the registration requirements of the 1933 Act and the Indenture is exempt from qualification under the Trust Indenture Act; and
  2. Based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official

Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement, as of its date and as of the date hereof, did not and does not, and the Official Statement as of its date and all times subsequent thereto during the period up to and including the Closing Date, does not and will not, contain an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect;

iv. The opinion of General Counsel to the Issuer, dated the date of the Closing and addressed to the Underwriters, to the effect that:

1. The Issuer has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Authorizing Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents; (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Revenues as contemplated by the Legal Documents; and (e) to carry on its activities as currently conducted;
2. The Issuer has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (a) above, and the Issuer has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents;
3. The Authorizing Resolution was duly adopted by the Board of Directors of the Issuer at a meeting of the governing body of the Issuer which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Authorizing Resolution;
4. The adoption of the Authorizing Resolution, the execution and delivery by the Issuer of the Legal Documents and the compliance with the provisions of the Legal Documents, do not and will not conflict with or violate in any material respect any California

constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Issuer a material breach of or default under any agreement or instrument to which the Issuer is a party or by which it is bound;

5. The Legal Documents constitute legal, valid and binding obligations of the Issuer and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;
6. No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against the Issuer in any court in any way affecting the titles of the officials of the Issuer to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Authorizing Resolution or the Legal Documents, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Issuer or its authority with respect to the Authorizing Resolution or the Legal Documents;
7. The information contained in the Preliminary Official Statement, as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date under the captions "SAN MATEO COUNTY TRANSPORTATION AUTHORITY," "THE SALES TAX REVENUES," "AUTHORITY INVESTMENT PORTFOLIO" and "ABSENCE OF MATERIAL LITIGATION" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
8. To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Issuer of the Legal Documents and the authorization and distribution of the



Preliminary Official Statement and the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriters); and

9. To the best of such counsel's knowledge after due inquiry, the Issuer is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents;

v. The opinion of counsel to the Trustee, dated the date of the Closing and addressed to the Underwriters, to the effect that:

1. The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Indenture to which it is a party and to enter into such Indenture;
2. The Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;
3. The execution, delivery and performance of the Indenture, the Measure A Agreement for State Administration of District Transactions and Use Taxes, the Measure W Agreement for State Administration of District Transactions and Use Taxes and the Measure W Sales Tax Transfer Agreement will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound; and

4. All authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained;

vi. The opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, counsel to the Underwriters, dated the date of the Closing and addressed to the Underwriters, and covering such matters as the Representative may reasonably request;

vii. The opinion of counsel to the Letter of Credit Provider, dated the date of Closing and addressed to the Underwriters, in form and substance satisfactory to the Representative, as to: (a) the validity and enforceability of the Letter of Credit; and (b) the exemption of the Letter of Credit from the registration requirements under the 1933 Act;

viii. A certificate, dated the Closing Date, signed by the Executive Director of the Issuer to the effect that: (a) the representations and agreements of the Issuer contained herein are true and correct in all material respects as of the date of the Closing; (b) the Legal Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to his or her knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Authorizing Resolution or any Legal Document, (iii) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or any Legal Document; and (d) the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of information in the Official Statement under the caption "UNDERWRITING" or in Appendix E;

ix. A certificate, dated the Closing Date, signed by the Executive Director of the Issuer, in form and substance satisfactory to the Representative, to the effect that (i) the financial statements of the Issuer as of June 30, 2019 fairly represents the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth and (ii) except as disclosed in the Preliminary Official

Statement and the Official Statement, since June 30, 2019, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since June 30, 2019 any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

x. Executed or certified copies of the Indenture;

xi. Executed or certified copies of each other Legal Document;

xii. Evidence of the delivery by electronic means by the Issuer to the Remarketing Agent of the Rule G-34 Documents (as defined in the Remarketing Agreement). For purposes of satisfying the obligations of the Remarketing Agent under MSRB Rule G-34: (a) a clean, word-searchable electronic final execution copy of each Rule G-34 Document; and (b) if any redactions are made in such document, (x) a redacted word-searchable electronic final execution copy of such document, and (y) a file containing a list showing all redactions that have been made to such document;

xiii. A certificate of the Letter of Credit Provider, dated as of the Closing Date, in form and substance satisfactory to the Representative and counsel to the Underwriters to the effect that the information relating to the Letter of Credit Provider set forth in the Official Statement in Appendix G was and is true and correct in all material respects as of the date of the Official Statement and as of the Closing Date;

xiv. Executed or certified copies of the Letter of Credit;

xv. A Tax Certificate of the Issuer, in form satisfactory to Bond Counsel, executed by such officials of the Issuer as shall be satisfactory to the Representative;

xvi. A certified copy of the Authorizing Resolution;

xvii. Evidence satisfactory to the Representatives of the assignment of an underlying rating of “\_\_” and a short-term rating of “\_\_” assigned to the Bonds by S&P Global Ratings;

xviii. A certificate of an authorized officer of the Trustee, as trustee, dated as of the Closing Date, to the effect that: (a) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and the other Legal Documents to which it is a party and to authenticate and deliver the Bonds to the Underwriters; (b) the Trustee is duly authorized to enter into the Indenture and the other Legal Documents to

which it is a party and to authenticate and deliver the Bonds to the Underwriters pursuant to the Indenture; (c) when delivered to and paid for by the Underwriters at the Closing, the Bonds will have been duly authenticated and delivered by the Trustee; (d) the execution and delivery of the Indenture and the other Legal Documents to which it is a party and compliance with the provisions on the Trustee's part contained therein, will not, in any material respect, conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, material agreement or other material instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (e) to the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture or the other Legal Documents to which it is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to or upon the order of the Underwriters;

xix. A certificate, dated the Closing Date, signed by an authorized officer of the SMCTD, in form and substance acceptable to the Underwriters, to the effect that: (a) the Measure W Sales Tax Transfer Agreement has been duly authorized and executed by the SMCTD and is in full force and effect and (b) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to his or her knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds or the Measure W Sales Tax Transfer Agreement, (iii) in any way contesting the creation, existence or powers

of the SMCTD or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the SMCTD or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or the Measure W Sales Tax Transfer Agreement;

xx. The opinion of General Counsel to the SMCTD, dated the date of the Closing and addressed to the Underwriters, to the effect that:

1. The SMCTD has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to enter into, execute, deliver and perform its covenants and agreements under the Measure W Sales Tax Transfer Agreement; and (b) to carry on its activities as currently conducted;
2. The SMCTD has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the Measure W Sales Tax Transfer Agreement, and the SMCTD has duly authorized the execution and delivery of, and the due performance of its obligations under, the Measure W Sales Tax Transfer Agreement;
3. The Measure W Sales Tax was approved by the governing body of the SMCTD at a meeting thereof which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of such approval;
4. The execution and delivery by the SMCTD of the Measure W Sales Tax Transfer Agreement and the compliance with the provisions thereof, does not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the SMCTD a material breach of or default under any agreement or instrument to which the SMCTD is a party or by which it is bound;
5. The Measure W Sales Tax Transfer Agreement constitutes the legal, valid and binding obligation of the SMCTD and is enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought,

by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

6. No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against the SMCTD in any court in any way affecting the titles of the officials of the SMCTD to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of the Measure W Sales Tax Revenues, or in any way contesting or affecting the validity or enforceability of the Measure W Sales Tax Transfer Agreement, or contesting the powers of the SMCTD or its authority with respect to Measure W Sales Tax Transfer Agreement;
7. To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the SMCTD of the Measure W Sales Tax Transfer Agreement; and
8. To the best of such counsel's knowledge after due inquiry, the SMCTD is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the SMCTD is a party or is otherwise subject, which breach or default would materially adversely affect the SMCTD's ability to enter into or perform its obligations under the Measure W Sales Tax Transfer Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the SMCTD's ability to enter into or perform its obligations under the Measure W Sales Tax Transfer Agreement;
  - xxi. Evidence that a Form 8038-G relating to the Bonds has been executed by the Issuer and will be filed with the Internal Revenue Service (the "IRS") within the applicable time limit:
  - xxii. A copy of the Blue Sky Survey with respect to the Bonds;
  - xxiii. A copy of the Issuer's executed Blanket Letter of Representation to The Depository Trust Company; and

xxiv. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, counsel for the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Bonds pursuant to the Indenture shall have been fulfilled.

8. TERMINATION.

If the Issuer shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Representative to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriters may be waived by the Representative.

(a) The Underwriters shall also have the right, before the time of Closing, to cancel their obligations to purchase the Bonds, by written notice by the Representative to the Issuer, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Bonds or the market prices of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(1) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of

the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or California authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or



any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Legal Documents or the Revenues as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Bonds; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any Legal Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Issuer, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur.

(viii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Authorizing Resolution, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents; or

(ix) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by any of the following rating agencies to assign the following ratings, to the Bonds: the long-term ratings assigned by S&P Global Ratings and the short-term ratings by S&P Global Ratings.

9. INDEMNIFICATION.

(a) The Issuer shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective]directors, officers, employees and agents and each person who

controls any Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Underwriter Indemnitee”), against any and all losses, claims, damages or liabilities, joint or several, (a) to which any such Underwriter Indemnitee may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or any amendment or supplement to either, or arise out of or are based upon the omission to state therein a material fact which is necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading, except such indemnification shall not extend to statements in the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING,” and (b) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Issuer (which consent shall not be unreasonably withheld); and will reimburse any legal or other expenses reasonably incurred by any such Underwriter Indemnitee in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement shall not be construed as a limitation on any other liability which the Issuer may otherwise have to any Underwriter Indemnitee.

(b) The Underwriters shall indemnify and hold harmless, to the extent permitted by law, the Issuer and its directors, officers, members, employees and agents and each person who controls the Issuer within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Issuer Indemnitees”), against any and all losses, claims, damages or liabilities, joint or several, to which such Issuer Indemnitee may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Issuer Indemnitee for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereof, under the caption “UNDERWRITING.” This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Issuer Indemnitee. The liability of any Underwriter obligations under this Section 9 shall not exceed the amount of its *pro rata* compensation under this Purchase Agreement.

(c) For purposes of subsection (a) or (b) above, an “Indemnified Party” means an Underwriter Indemnitee or an Issuer Indemnitee as the context dictates and an “Indemnifying Party” means the Issuer or an Underwriter who is under the obligation to indemnify an Indemnified Party under this Section 10. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any

such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to manage the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and the reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an Indemnified Party under subsection (a) or (b) above, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Underwriters on the other from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which

is the subject to this subsection (d). Notwithstanding the provisions of this subsection (d), [each][the] Underwriter shall not have any obligation under this subsection (d) to contribute an amount in excess of the amount of its *pro rata* compensation under this Purchase Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

10. AMENDMENTS TO OFFICIAL STATEMENT.

During the period commencing on the Closing Date and ending twenty-five (25) days from the end of the underwriting period, the Issuer shall advise the Representative if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or “potential customer” (as defined for purposes of Rule 15c2-12). If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including that date that is 25 days from the end of the “underwriting period” (as defined in Rule 15c2-12), the Official Statement as supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and shall amend or supplement the Official Statement (in form and substance satisfactory to counsel for the Underwriters) so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

11. EXPENSES.

All expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters, including the costs of printing or reproduction of the Bonds, the Legal Documents and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees and expenses of the Trustee and its counsel and fees and expenses of counsel to the Issuer and Bond Counsel, shall be paid by the Issuer from the proceeds of the Bonds or other revenues of the Issuer. The Issuer shall be solely responsible for and shall pay for any expenses incurred by the Underwriters on behalf of the Issuer’s employees and representatives which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All other expenses and costs of the Underwriters incurred under or pursuant to this Purchase Agreement, including, without limitation, the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriters, shall be paid by the Underwriters (which may be included as an expense component of the Underwriter’s discount).

12. USE OF DOCUMENTS.

The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

13. QUALIFICATION OF SECURITIES.

The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; *provided, however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. NOTICES.

Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to the San Mateo County Transportation Authority, 1250 San Carlos Ave., P.O. Box 3006, San Carlos, CA 94070-1306, Attention: Executive Director, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to BofA Securities, Inc., 555 California Street, Suite 1160, San Francisco, CA 94104, Attention: \_\_\_\_\_.

15. BENEFIT.

This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 8 (and in all events the agreements of the Issuer pursuant to Sections 9 and 11 hereof shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under Section 8 hereof).

16. GOVERNING LAW. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW RULES (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS SECTION 5-1401 AND 5-1402); PROVIDED, HOWEVER, THAT THE OBLIGATION OF THE ISSUER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

17. WAIVER OF JURY TRIAL. THE ISSUER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

18. MISCELLANEOUS.

(a) This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

(b) This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

Very truly yours,

By:

BOFA SECURITIES, INC.,  
as Representative

By: \_\_\_\_\_  
Authorized Officer

Approved and Agreed to: \_\_\_\_\_, 2020

SAN MATEO COUNTY  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Executive Director

**SCHEDULE I**

Principal Amounts, Interest Rates and Prices

Optional and Mandatory Redemption



**EXHIBIT A**

\$ \_\_\_\_\_

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)  
2020 SERIES A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of BofA Securities, Inc. (“BofAS”) the “Representative”), on behalf of itself and J.P. Morgan Securities LLC (“JPM”) (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. [Alternative 1<sup>1</sup> – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2<sup>2</sup> – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. *Initial Offering Price of the [Bonds] [Hold-the-Offering-Price Maturities]*.

a) [Alternative 1<sup>3</sup> – All Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.][Alternative 2<sup>4</sup> – Select Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, [BofAS][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the offering-price rule”),

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<sup>1</sup> If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

<sup>2</sup> If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

<sup>3</sup> If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

<sup>4</sup> Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. [No member of the Underwriting Group has offered or sold any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. No member of the Underwriting Group has offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

### 3. *Defined Terms.*

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date \_\_\_\_\_, 2020), or (ii) the date on which the the Underwriting Group has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the San Mateo County Transportation Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to

participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

BofA Securities, Inc. Representative

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 2020

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**  
*(Attached)*

**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
*(Attached)*

\$ \_\_\_\_\_  
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)  
2020 SERIES B**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2020

San Mateo County Transportation Authority  
1250 San Carlos Ave.  
P.O. Box 3006  
San Carlos, CA 94070-1306  
Attention: Executive Director

Ladies and Gentlemen:

J.P. Morgan Securities LLC on behalf of itself and as representative (the “Representative”) of BofA Securities, Inc. (collectively, with the Representative, the “Underwriters”) hereby offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the San Mateo County Transportation Authority, a public entity duly established and existing under the laws of the State of California (the “Issuer”), whereby the Underwriters will purchase and the Issuer will sell the Bonds (as defined and described below). The Underwriters are making this offer subject to the acceptance by the Issuer at or before 5:00 P.M., Pacific Time, on the date hereof. If the Issuer accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriters. The Underwriters may withdraw this Purchase Agreement upon written notice delivered by the Representative to the Executive Director of the Issuer at any time before the Issuer accepts this Purchase Agreement. Terms used but not defined in this Purchase Agreement are defined in the Indenture (as defined below).

1. PURCHASE AND SALE.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the following bonds: San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B (the “Bonds”), at the purchase price of \$ \_\_\_\_\_, representing the aggregate principal amount of the Bonds less an Underwriter’s discount of \$ \_\_\_\_\_ [plus net original issue premium of \$ \_\_\_\_\_/less net original discount of \$ \_\_\_\_\_]. The Underwriters intend to make an initial bona fide public offering of the Bonds at a price or prices described in Schedule I

hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Bonds (but in all cases subject to the requirements of Section 5 hereof), and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the Underwriters at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to the requirements of Section 5 hereof).

The Issuer acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Issuer and the Underwriters and the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

## 2. DESCRIPTION AND PURPOSE OF THE BONDS.

The Bonds have been authorized pursuant to Section 131109 of the California Public Utilities Code (the "Act") and Resolution No. \_\_ adopted by the Board of Directors of the Issuer on \_\_\_\_\_, 2020 (the "Authorizing Resolution"). The Bonds shall be dated their date of delivery. The Bonds shall be issued and secured under and pursuant to the Indenture, dated as of \_\_\_\_\_, 2020, by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of \_\_\_\_\_, 2020 (collectively, the "Indenture"), by and between the Issuer and the Trustee.

The proceeds of the sale of the Bonds will be used to (i) finance Costs of the Project, as defined in the Preliminary Official Statement, (ii) fund estimated interest with respect to the Bonds through approximately \_\_\_\_, 2023, and (iii) pay the costs of issuing the Bonds.

The Bonds will be secured under the provisions of the Act and the Indenture. The Bonds shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in Schedule I attached hereto. The Authorized Denominations, Record Dates, Interest Payment Dates, Sinking Fund Payment Dates, and other details and particulars of the Bonds shall be as described in the Indenture and the Official Statement (as defined below) of the Issuer.

Payment of the principal of and interest on the Bonds will be primarily secured by the Measure A Sales Tax Revenues and the Measures W Sales Tax Revenues, as such terms are defined in the Official Statement. Pursuant to the Amended and Restated Agreement For State Administration of District Transactions and Uses Taxes, dated as of \_\_\_\_\_, 2020 (the “Measure A Agreement for State Administration of District Transactions and Use Taxes”), by and between the Issuer and the California Department of Tax and Fee Administration (the “Board”), the Board will administer the Measure A Sales Tax and transfer the Measure A Sales Tax Revenues to the Trustee. Pursuant to the Measure W Sales Tax Transfer Agreement, dated as of \_\_\_\_\_, 2020 (the “Measure W Sales Tax Transfer Agreement”), the San Mateo County Transit District (the “SMCTD”) will agree to irrevocably transfer and assign 50% of the Measure W Sales Tax Revenues to the Authority, for so long as the Authority Exists. Pursuant to the Amended and Restated Agreement For State Administration of District Transactions and Uses Taxes, dated as of \_\_\_\_\_, 2020 (the “Measure W Agreement for State Administration of District Transactions and Use Taxes”), by and between the Issuer and the “Board, the Board will administer the Measure W Sales Tax and transfer the Measure W Sales Tax Revenues to the Trustee.

In connection with the remarketing on any tender date for the Bonds, the Issuer will enter into a Remarketing Agreement (the “Remarketing Agreement”), dated as of \_\_\_\_\_, 2020 with J.P. Morgan Securities LLC, as remarketing agent for the Bonds (the “Remarketing Agent”).

Payment of the principal of, interest on and purchase price of the Bonds will be secured by an irrevocable, direct-pay letter of credit (the “Letter of Credit”) to be issued concurrently with the issuance of the Bonds by Bank of America, N.A. (the “Letter of Credit Provider”), pursuant to the provisions of a Reimbursement Agreement (the “Reimbursement Agreement”), dated as of \_\_\_\_\_, 2020 between the Issuer, the Trustee and the Letter of Credit Provider.

### 3. DELIVERY OF THE OFFICIAL STATEMENT AND OTHER DOCUMENTS.

(a) The Issuer has approved and delivered or caused to be delivered to the Underwriters copies of the Preliminary Official Statement dated \_\_\_\_\_, 2020, which, including the cover page and all appendices thereto, is herein referred to as the “Preliminary Official Statement.” It is acknowledged by the Issuer that the Underwriters may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the Issuer shall deliver to the Underwriters a final Official Statement relating to the Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been



approved by the Issuer, Bond Counsel, Disclosure Counsel and the Representative is referred to herein as the “Official Statement”) and such additional conformed copies thereof as the Representative may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the MSRB and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Official Statement shall be executed by and on behalf of the Issuer by an authorized officer of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The Issuer hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (“SEC”) including in a word-searchable pdf format including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriters before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriters of the Official Statement and the Indenture in connection with the public offering and sale of the Bonds.

(c) In order to assist the Underwriters in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2020 (the “Disclosure Agreement”), by and between the Issuer and the Trustee, as dissemination agent for the Issuer (the “Dissemination Agent”), to provide annual financial information and notices of the occurrence of specified events. A description of the Disclosure Agreement is set forth in, and a form of such agreement is attached as Appendix D to the Preliminary Official Statement and the Official Statement.

#### 4. ESTABLISHMENT OF ISSUE PRICE.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, substantially in the form attached hereto as Exhibit A, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. [All actions to be taken by the Issuer under this section to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.]

(b) [Except for the maturities set forth in Schedule I attached hereto,] the Issuer represents that it will treat the first price at which 10% of each maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). [If, as of the date hereof, the 10% Test has not been satisfied as to any maturity of the

Bonds for which the Issuer has elected to utilize the 10% Test, the Representative agrees to promptly report to the Issuer the prices at which Bonds of that maturity or maturities have been sold by the Underwriters to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% Test has been satisfied as to the Bonds of that maturity or maturities or the Closing Date.]]

[(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% Test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agrees that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.]

[(c)][(d)] The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% Test has been satisfied as to the Bonds of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters and any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

The Issuer acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.]

[(d)][(e)] The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an

underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

5. REPRESENTATIONS. The Issuer represents to and agrees with the Underwriters that:

(a) The Issuer is duly organized and validly existing, with full legal right, power and authority to issue, sell and deliver the Bonds to the Underwriters pursuant to the Indenture, and execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Indenture, the Bonds, the Reimbursement Agreement, the Remarketing Agreement, the Disclosure Agreement, the Measure A Agreement for State Administration of District Transactions and Use Taxes, the Measure W Agreement for State Administration of District Transactions and Use Taxes and the Measure W Sales Tax Transfer Agreement (collectively, the “Legal Documents”) and to perform and consummate all obligations and transactions required or contemplated by each of the Legal Documents and the Official Statement.

(b) The Authorizing Resolution approving and authorizing the execution and delivery by the Issuer of the Legal Documents and the offering, issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the Board of Directors of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Indenture and the Bonds conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the Bonds, when

duly issued and authenticated in accordance with the Indenture and delivered to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Indenture and payable from the sources therein specified.

(d) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Legal Documents. Each of the Legal Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Each of the Legal Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Authorizing Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of the Legal Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except as described in or contemplated by the Legal Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Authorizing Resolution and the Legal Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Legal Documents have been obtained; provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any officer of the Issuer and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made.

(h) Between the date hereof and the time of the Closing, the Issuer shall not, without the prior written consent of the Representative, offer or issue in any material amount any

bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) The financial statements of the Issuer as of June 30, 2019 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since June 30, 2019 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement (excluding therefrom the information under the caption “UNDERWRITING” and in Appendix E, as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom the information under the caption “UNDERWRITING” and in Appendix E, as to which no representations or warranties are made) up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including that date that is 25 days from the “end of the underwriting period” (as defined in Rule 15c2-12), the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date hereof and the end of the underwriting period, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(n) Except as described in the Preliminary Official Statement and Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer or against any other party of which the Issuer has notice or, to the knowledge of the Issuer, threatened against the Issuer: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Legal Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Legal Documents. The Issuer shall advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

(o) During the last five years, the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) The Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

All representations, warranties and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Bonds.

## 6. CLOSING.

At 8:30 A.M., Pacific Time, on \_\_\_\_\_, 2020, or at such other time or date as the Representative and the Issuer may mutually agree upon as the date and time of the Closing (the "Closing Date"), the Issuer will deliver or cause to be delivered to the Underwriters, at the offices of Norton Rose Fulbright US LLP ("Bond Counsel"), Los Angeles, California, or at such other place as the Representative and the Issuer may mutually agree upon, the Bonds, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 7. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriters shall accept the delivery of the Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Bonds to the Underwriters through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Representative at the Closing

and the Issuer shall deliver the other documents hereinafter mentioned. The Bonds shall be made available to the Underwriters at least one (1) business day before the Closing Date for purposes of inspection.

7. CONDITIONS PRECEDENT.

The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(b) At the time of the Closing, the Official Statement, the Authorizing Resolution and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative.

(c) The Issuer shall perform or have performed all of its obligations required under or specified in the Authorizing Resolution, the Legal Documents, the Letter of Credit and the Official Statement to be performed at or prior to the Closing.

(d) The Issuer shall have delivered to the Underwriters final Official Statements by the time, and in the numbers, required by Section 4 of this Purchase Agreement.

(e) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Legal Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Legal Documents or the Revenues as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Bonds.

(g) At or prior to the Closing, the Representative shall receive the following documents (in each case with only such changes as the Representative shall approve):

- i. The approving opinion(s) of Bond Counsel relating to the Bonds, dated the Closing Date, substantially in the form attached as Appendix F to the Official Statement, and, if not otherwise directly addressed to the



Underwriters, a reliance letter with respect thereto addressed to the Underwriters;

ii. The supplemental opinion of Bond Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that:

1. This Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;
2. The statements contained in the Preliminary Official Statement and the Official Statement on the cover page and in the sections entitled "INTRODUCTION," DESCRIPTION OF THE 2020 BONDS" (other than the information concerning DTC and the book-entry system), and "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" insofar as such statements expressly summarize certain provisions of the Indenture, the Bonds, and the form and content of such counsel's opinion attached as Appendix F to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and
3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

iii. A letter, dated the Closing Date and addressed to the Underwriters, from Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel, to the effect that:

1. The Bonds are exempt from the registration requirements of the 1933 Act and the Indenture is exempt from qualification under the Trust Indenture Act; and
2. Based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the

Preliminary Official Statement, as of its date and as of the date hereof, did not and does not, and the Official Statement as of its date and all times subsequent thereto during the period up to and including the Closing Date, does not and will not, contain an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect;

iv. The opinion of General Counsel to the Issuer, dated the date of the Closing and addressed to the Underwriters, to the effect that:

1. The Issuer has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Authorizing Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents; (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Revenues as contemplated by the Legal Documents; and (e) to carry on its activities as currently conducted;
2. The Issuer has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (a) above, and the Issuer has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents;
3. The Authorizing Resolution was duly adopted by the Board of Directors of the Issuer at a meeting of the governing body of the Issuer which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Authorizing Resolution;
4. The adoption of the Authorizing Resolution, the execution and delivery by the Issuer of the Legal Documents and the compliance with the provisions of the Legal Documents, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Issuer a material breach of or default under any agreement or instrument to which the Issuer is a party or by which it is bound;

5. The Legal Documents constitute legal, valid and binding obligations of the Issuer and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;
6. No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against the Issuer in any court in any way affecting the titles of the officials of the Issuer to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Authorizing Resolution or the Legal Documents, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Issuer or its authority with respect to the Authorizing Resolution or the Legal Documents;
7. The information contained in the Preliminary Official Statement, as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date under the captions "SAN MATEO COUNTY TRANSPORTATION AUTHORITY," "THE SALES TAX REVENUES," "AUTHORITY INVESTMENT PORTFOLIO" and "ABSENCE OF MATERIAL LITIGATION" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
8. To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Issuer of the Legal Documents and the authorization and distribution of the Preliminary Official Statement and the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriters); and
9. To the best of such counsel's knowledge after due inquiry, the Issuer is not in breach of or default under any applicable law or

administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents;

v. The opinion of counsel to the Trustee, dated the date of the Closing and addressed to the Underwriters, to the effect that:

1. The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Indenture to which it is a party and to enter into such Indenture;
2. The Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;
3. The execution, delivery and performance of the Indenture, the Measure A Agreement for State Administration of District Transactions and Use Taxes, the Measure W Agreement for State Administration of District Transactions and Use Taxes and the Measure W Sales Tax Transfer Agreement will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound; and
4. All authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained;

vi. The opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, counsel to the Underwriters, dated the

date of the Closing and addressed to the Underwriters, and covering such matters as the Representative may reasonably request;

vii. The opinion of counsel to the Letter of Credit Provider, dated the date of Closing and addressed to the Underwriters, in form and substance satisfactory to the Representative, as to: (a) the validity and enforceability of the Letter of Credit; and (b) the exemption of the Letter of Credit from the registration requirements under the 1933 Act;

viii. A certificate, dated the Closing Date, signed by the Executive Director of the Issuer to the effect that: (a) the representations and agreements of the Issuer contained herein are true and correct in all material respects as of the date of the Closing; (b) the Legal Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to his or her knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Authorizing Resolution or any Legal Document, (iii) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or any Legal Document; and (d) the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of information in the Official Statement under the caption "UNDERWRITING" or in Appendix E;

ix. A certificate, dated the Closing Date, signed by the Executive Director of the Issuer, in form and substance satisfactory to the Representative, to the effect that (i) the financial statements of the Issuer as of June 30, 2019 fairly represents the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth and (ii) except as disclosed in the Preliminary Official Statement and the Official Statement, since June 30, 2019, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since June 30, 2019 any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

x. Executed or certified copies of the Indenture;

xi. Executed or certified copies of each other Legal Document;

xii. Evidence of the delivery by electronic means by the Issuer to the Remarketing Agent of the Rule G-34 Documents (as defined in the Remarketing Agreement). For purposes of satisfying the obligations of the Remarketing Agent under MSRB Rule G-34: (a) a clean, word-searchable electronic final execution copy of each Rule G-34 Document; and (b) if any redactions are made in such document, (x) a redacted word-searchable electronic final execution copy of such document, and (y) a file containing a list showing all redactions that have been made to such document;

xiii. A certificate of the Letter of Credit Provider, dated as of the Closing Date, in form and substance satisfactory to the Representative and counsel to the Underwriters to the effect that the information relating to the Letter of Credit Provider set forth in the Official Statement in Appendix G was and is true and correct in all material respects as of the date of the Official Statement and as of the Closing Date;

xiv. Executed or certified copies of the Letter of Credit;

xv. A Tax Certificate of the Issuer, in form satisfactory to Bond Counsel, executed by such officials of the Issuer as shall be satisfactory to the Representative;

xvi. A certified copy of the Authorizing Resolution;

xvii. Evidence satisfactory to the Representatives of the assignment of an underlying rating of “\_\_” and a short-term rating of “\_\_” assigned to the Bonds by S&P Global Ratings;

xviii. A certificate of an authorized officer of the Trustee, as trustee, dated as of the Closing Date, to the effect that: (a) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and the other Legal Documents to which it is a party and to authenticate and deliver the Bonds to the Underwriters; (b) the Trustee is duly authorized to enter into the Indenture and the other Legal Documents to which it is a party and to authenticate and deliver the Bonds to the Underwriters pursuant to the Indenture; (c) when delivered to and paid for by the Underwriters at the Closing, the Bonds will have been duly authenticated and delivered by the Trustee; (d) the execution and delivery of the Indenture and the other Legal Documents to which it is a party and compliance with the provisions on the Trustee’s part contained therein, will not, in any material respect, conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, material agreement or other material instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty

or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (e) to the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture or the other Legal Documents to which it is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to or upon the order of the Underwriters;

xix. A certificate, dated the Closing Date, signed by an authorized officer of the SMCTD, in form and substance acceptable to the Underwriters, to the effect that: (a) the Measure W Sales Tax Transfer Agreement has been duly authorized and executed by the SMCTD and is in full force and effect and (b) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to his or her knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds or the Measure W Sales Tax Transfer Agreement, (iii) in any way contesting the creation, existence or powers of the SMCTD or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the SMCTD or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or the Measure W Sales Tax Transfer Agreement;

xx. The opinion of General Counsel to the SMCTD, dated the date of the Closing and addressed to the Underwriters, to the effect that:

1. The SMCTD has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to enter into, execute, deliver and perform its covenants and agreements under the Measure W Sales Tax Transfer Agreement; and (b) to carry on its activities as currently conducted;
2. The SMCTD has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the Measure W Sales Tax Transfer Agreement, and the SMCTD has duly authorized the execution and delivery of, and the due performance of its obligations under, the Measure W Sales Tax Transfer Agreement;
3. The Measure W Sales Tax was approved by the governing body of the SMCTD at a meeting thereof which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of such approval;
4. The execution and delivery by the SMCTD of the Measure W Sales Tax Transfer Agreement and the compliance with the provisions thereof, does not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the SMCTD a material breach of or default under any agreement or instrument to which the SMCTD is a party or by which it is bound;
5. The Measure W Sales Tax Transfer Agreement constitutes the legal, valid and binding obligation of the SMCTD and is enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;
6. No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against the SMCTD in any court in any way affecting the titles of the officials of the SMCTD to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of the



Measure W Sales Tax Revenues, or in any way contesting or affecting the validity or enforceability of the Measure W Sales Tax Transfer Agreement, or contesting the powers of the SMCTD or its authority with respect to Measure W Sales Tax Transfer Agreement;

7. To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the SMCTD of the Measure W Sales Tax Transfer Agreement; and

8. To the best of such counsel's knowledge after due inquiry, the SMCTD is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the SMCTD is a party or is otherwise subject, which breach or default would materially adversely affect the SMCTD's ability to enter into or perform its obligations under the Measure W Sales Tax Transfer Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the SMCTD's ability to enter into or perform its obligations under the Measure W Sales Tax Transfer Agreement;

xxi. Evidence that a Form 8038-G relating to the Bonds has been executed by the Issuer and will be filed with the Internal Revenue Service (the "IRS") within the applicable time limit:

xxii. A copy of the Blue Sky Survey with respect to the Bonds;

xxiii. A copy of the Issuer's executed Blanket Letter of Representation to The Depository Trust Company; and

xxiv. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, counsel for the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Bonds pursuant to the Indenture shall have been fulfilled.

8. TERMINATION.

If the Issuer shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Representative to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriters may be waived by the Representative.

(a) The Underwriters shall also have the right, before the time of Closing, to cancel their obligations to purchase the Bonds, by written notice by the Representative to the Issuer, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Bonds or the market prices of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(1) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other

release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or California authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Legal Documents or the Revenues as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Bonds; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general

character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any Legal Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Issuer, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur.

(viii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Authorizing Resolution, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents; or

(ix) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by any of the following rating agencies to assign the following ratings, to the Bonds: the long-term ratings assigned by S&P Global Ratings and the short-term ratings by S&P Global Ratings.

## 9. INDEMNIFICATION.

(a) The Issuer shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective]directors, officers, employees and agents and each person who controls any Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Underwriter Indemnitee”), against any and all losses, claims, damages or liabilities, joint or several, (a) to which any such Underwriter Indemnitee may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or any amendment or supplement to either, or arise out of or are based upon the omission to state therein a material fact which is necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading, except such indemnification shall not extend to statements in the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING,” and (b) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim

based upon any such untrue statement or omission if such settlement is effected with the written consent of the Issuer (which consent shall not be unreasonably withheld); and will reimburse any legal or other expenses reasonably incurred by any such Underwriter Indemnitee in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement shall not be construed as a limitation on any other liability which the Issuer may otherwise have to any Underwriter Indemnitee.

(b) The Underwriters shall indemnify and hold harmless, to the extent permitted by law, the Issuer and its directors, officers, members, employees and agents and each person who controls the Issuer within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Issuer Indemnitees”), against any and all losses, claims, damages or liabilities, joint or several, to which such Issuer Indemnitee may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Issuer Indemnitee for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereof, under the caption “UNDERWRITING.” This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Issuer Indemnitee. The liability of any Underwriter obligations under this Section 9 shall not exceed the amount of its *pro rata* compensation under this Purchase Agreement.

(c) For purposes of subsection (a) or (b) above, an “Indemnified Party” means an Underwriter Indemnitee or an Issuer Indemnitee as the context dictates and an “Indemnifying Party” means the Issuer or an Underwriter who is under the obligation to indemnify an Indemnified Party under this Section 10. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to manage the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified

Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and the reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an Indemnified Party under subsection (a) or (b) above, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Underwriters on the other from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which is the subject to this subsection (d). Notwithstanding the provisions of this subsection (d), [each][the] Underwriter shall not have any obligation under this subsection (d) to contribute an amount in excess of the amount of its *pro rata* compensation under this Purchase Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

#### 10. AMENDMENTS TO OFFICIAL STATEMENT.

During the period commencing on the Closing Date and ending twenty-five (25) days from the end of the underwriting period, the Issuer shall advise the Representative if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary

or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or “potential customer” (as defined for purposes of Rule 15c2-12). If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including that date that is 25 days from the end of the “underwriting period” (as defined in Rule 15c2-12), the Official Statement as supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and shall amend or supplement the Official Statement (in form and substance satisfactory to counsel for the Underwriters) so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

11. EXPENSES.

All expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters, including the costs of printing or reproduction of the Bonds, the Legal Documents and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees and expenses of the Trustee and its counsel and fees and expenses of counsel to the Issuer and Bond Counsel, shall be paid by the Issuer from the proceeds of the Bonds or other revenues of the Issuer. The Issuer shall be solely responsible for and shall pay for any expenses incurred by the Underwriters on behalf of the Issuer’s employees and representatives which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All other expenses and costs of the Underwriters incurred under or pursuant to this Purchase Agreement, including, without limitation, the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriters, shall be paid by the Underwriters (which may be included as an expense component of the Underwriter’s discount).

12. USE OF DOCUMENTS.

The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

13. QUALIFICATION OF SECURITIES.

The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; *provided, however*, that the Issuer will

not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. NOTICES.

Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to the San Mateo County Transportation Authority, 1250 San Carlos Ave., P.O. Box 3006, San Carlos, CA 94070-1306, Attention: Executive Director, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to J.P. Morgan Securities LLC, 560 Mission Street, Floor 3, San Francisco, CA 94105, Attention: \_\_\_\_\_.

15. BENEFIT.

This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 8 (and in all events the agreements of the Issuer pursuant to Sections 9 and 11 hereof shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under Section 8 hereof).

16. GOVERNING LAW. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW RULES (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS SECTION 5-1401 AND 5-1402); PROVIDED, HOWEVER, THAT THE OBLIGATION OF THE ISSUER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

17. WAIVER OF JURY TRIAL. THE ISSUER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.



18. MISCELLANEOUS.

(a) This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

(b) This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

Very truly yours,

By:

J.P. MORGAN SECURITIES LLC.,  
as Representative

By: \_\_\_\_\_  
Authorized Officer

Approved and Agreed to: \_\_\_\_\_, 2020

SAN MATEO COUNTY  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Executive Director

**SCHEDULE I**

Principal Amounts, Interest Rates and Prices

Optional and Mandatory Redemption

**EXHIBIT A**

\$ \_\_\_\_\_

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
SUBORDINATE SALES TAX REVENUE VARIABLE RATE DEMAND BONDS  
(LIMITED TAX BONDS)  
2020 SERIES B**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of J.P. Morgan Securities LLC (“JPM”) the “Representative”), on behalf of itself and BofA Securities, Inc. (“BofAS”) (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. [Alternative 1<sup>1</sup> – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2<sup>2</sup> – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. ***Initial Offering Price of the [Bonds] [Hold-the-Offering-Price Maturities]***.

a) [Alternative 1<sup>3</sup> – All Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2<sup>4</sup> – Select Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, [JPM][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the offering-price rule”),

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<sup>1</sup> If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

<sup>2</sup> If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

<sup>3</sup> If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

<sup>4</sup> Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. [No member of the Underwriting Group has offered or sold any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. No member of the Underwriting Group has offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

### 3. *Defined Terms.*

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date \_\_\_\_\_, 2020), or (ii) the date on which the the Underwriting Group has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the San Mateo County Transportation Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

J.P. MORGAN SECURITIES LLC, as Representative

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 2020

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**  
*(Attached)*

**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
*(Attached)*

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Mateo County Transportation Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the “Dissemination Agent”), in connection with the Authority’s issuance of \$\_\_\_\_\_ Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A and its \$\_\_\_\_\_ Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B (together, the “Bonds”). The Bonds are being issued pursuant to the Indenture, dated as of \_\_\_\_\_ 1, 2020 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. Pursuant to the Indenture, the Authority and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Audited Financial Statements” means the audited financial results of the Authority for the applicable Fiscal Year.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Principal Office of the Trustee is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Disclosure Representative” shall mean the designee of the Authority designated to act as the Disclosure Representative, or such other person as the Authority shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” means an entity selected and retained by the Authority, or any successor thereto selected by the Authority. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A..

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System for Municipal Securities disclosures, currently maintained on the internet at <http://emma.msrb.org>.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the



Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement, dated \_\_\_\_\_, 2020, relating to the Bonds.

“Participating Underwriter” shall mean any original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“State” shall mean the State of California.

### Section 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e). The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than one Business Day prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). The Authority shall provide, or cause the preparer of the Annual Report to provide, a written certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished to it hereunder. The Dissemination Agent may conclusively rely upon such certification and shall have no duty or obligation to review such Annual Report.

(c) If the Authority is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Authority shall send, or shall cause the Dissemination Agent to send, a notice to the Repository or to the MSRB, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and

(ii) file a report with the Authority certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements of the Authority for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Report when such Audited Financial Statements become available.

(b) The debt service schedule for each series of the Bonds, if there have been any unscheduled redemptions, retirements or defeasances, and the debt service on any additional parity bonds issued, in each case during the prior Fiscal Year.

(c) The amount of Measure A Sales Tax Revenues and Measure W Sales Tax Revenues (as such terms are defined in the Official Statement) received as of the most recently ended Fiscal Year.

(d) The quotient of Sales Tax Revenues received as of the most recently ended Fiscal Year divided by Maximum Annual Debt Service on outstanding bonds payable from such Sales Tax Revenues.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the occurrence of the event:

(1) principal and interest payment delinquencies;

(2) defeasances;

(3) tender offers;

(4) rating changes;

(5) adverse tax opinions or the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax- status of the Bonds or other material events affecting the tax status of the Bonds;

(6) unscheduled draws on the debt service reserves reflecting financial difficulties;

(7) unscheduled draws on credit enhancements reflecting financial difficulties;

(8) substitution of credit or liquidity providers or their failure to perform;

(9) bankruptcy, insolvency, receivership or similar proceedings; or

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) Business Days after the occurrence of the event:

(1) unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(2) modifications to the rights of Holders;

(3) optional, unscheduled or contingent Bond calls;

(4) release, substitution or sale of property securing repayment of the Bonds;

(5) non-payment related defaults;

(6) consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the obligated persons, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(7) appointment of a successor or additional trustee or the change of the name of a trustee; or

(8) incurrence of a Financial Obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Authority determines would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(d) The Authority intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

(e) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment requested by the Authority, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations) and any provision of this Disclosure Agreement may be waived; provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Trustee, the Holders, or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications herein required or permitted to be given shall be in writing and shall be delivered in such manner and to such addresses as are specified in the Indenture.

[Remainder of page intentionally left blank.]

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2020

SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Dissemination Agent

By: \_\_\_\_\_  
Authorized Representative

**Exhibit A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: San Mateo County Transportation Authority (the “Authority”)  
Name of Issue: \$\_\_\_\_\_ Subordinate Sales Tax Revenue Variable Rate Demand Bonds  
(Limited Tax Bonds), 2020 Series A  
\$\_\_\_\_\_ Subordinate Sales Tax Revenue Variable Rate Demand Bonds  
(Limited Tax Bonds), 2020 Series B  
Date of Issuance: \_\_\_\_\_, 2020

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-captioned Bonds as required by the Indenture, dated as of May 1, 2020, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee thereunder. [The Authority anticipates that the Annual Report will be filed by [date].]

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_,  
as Dissemination Agent

cc: San Mateo County Transportation Authority

**AMENDED AND RESTATED AGREEMENT FOR STATE ADMINISTRATION  
OF DISTRICT TRANSACTIONS AND USE TAXES**

The Board of Supervisors of the County of San Mateo (the “County”) has adopted, and the voters of the County have approved by the required two-thirds vote, the County’s Ordinance No. 04223, named the “2004 San Mateo County Transportation Authority Ordinance” (hereafter called the “Ordinance”), a copy of which is attached hereto as Exhibit A, providing for the extension of the Measure A Sales Tax levied by the San Mateo County Transportation Authority (“District”). To carry out the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code and the Ordinance, and to give effect to a Three Party Agreement as hereinafter described, and to provide security for any Bonds that may be issued from time to time by the District, the California Department of Tax and Fee Administration (hereinafter called the “Board”) and District do agree as follows:

**ARTICLE I**

**DEFINITIONS**

Unless the context requires otherwise, wherever the following terms appear in this Agreement, they shall be interpreted to mean the following:

1. “Agreement” shall mean this Amended and Restated Agreement for State Administration of District Transactions and Use Taxes.
2. “Ordinance” shall mean the County’s Ordinance No. 04223, named the “2004 San Mateo County Transportation Authority Ordinance,” as amended from time to time, or as



deemed to be amended from time to time pursuant to Revenue and Taxation Code Section 7262.2.

3. “District taxes” shall mean the transactions and use taxes, penalties, and interest imposed under the Ordinance specifically authorized by Revenue and Taxation Code Section 7285.5, and in compliance with Part 1.6, Division 2 of the Revenue and Taxation Code.

4. “Indenture” shall mean that Indenture, dated as of \_\_\_\_\_ 1, 2020, between District and the Trustee (as defined hereafter), as amended and supplemented from time to time.

5. “Three Party Agreement” shall mean the Three Party Agreement for Distribution of San Mateo County Measure A Funds to Support Existing San Mateo County/SFO BART Extension between the San Mateo County Transportation Authority, the San Mateo County Transit District and the San Francisco Bay Area Rapid Transit District (hereinafter called “BART”), by which the parties thereto agreed that a third party collection agent shall facilitate payment to BART of 2% of the proceeds of the taxes imposed under the District Ordinance net of collection and distribution costs and expenses charged by the collection agent, for the entire period during which District taxes are in effect, to be used by BART for capital investments and operating expenditures associated with the extension of BART to San Francisco Airport.

6. “Trustee” shall mean the bank or financial institution serving as Trustee, under separate agreement with the District, for the implementation of the Three Party Agreement and serving as trustee under the Indenture for the benefit of the owners of any Bonds, as well as for the distribution of all District taxes as provided for in the Transportation Expenditure Plan administered by the District.

## ARTICLE II

### ADMINISTRATION AND COLLECTION OF DISTRICT TAXES

**A. Administration.** The Board and District agree that the Board shall perform exclusively all functions incident to the administration and operation of the Ordinance.

**B. Other Applicable Laws.** District agrees that all provisions of law applicable to the administration and operation of the State Sales and Use Tax Law which are not inconsistent with Part 1.6 of Division 2 of the Revenue and Taxation Code shall be applicable to the administration and operation of the Ordinance. District agrees that money collected pursuant to the Ordinance may be deposited into the State Treasury to the credit of the Retail Sales Tax Fund and may be drawn from that Fund for any authorized purpose, including making refunds, compensating and reimbursing the Board pursuant to Article IV of this Agreement, and transmitting to District the amount to which District is entitled.

**C. Transmittal of money.**

1. For the period during which the tax is in effect, and except as otherwise provided herein, all District taxes collected under the provisions of the Ordinance and collected by the Board, less the Board's compensation provided in Article IV of this Agreement, shall be transmitted by the Board to the Trustee, periodically as promptly as feasible, but not less often than twice in each calendar quarter. The Trustee shall apply all District taxes received from the Board in accordance with the Indenture. The first month in which payment hereunder shall be made to the Trustee is August, 2020, or later. Transmittals made to the Trustee shall be made via same day deposit program or by wire transfer of funds in accordance with written instructions from the Trustee.

2. For periods subsequent to the expiration date of the tax, whether by District's self-imposed limits or by final judgment of any court of the State of California holding that the Ordinance is invalid or void, all District taxes collected under the provisions of the Ordinance shall be transmitted to District not less than once in each calendar quarter.

3. Transmittals may be made by mail or electronic funds transfer to an account of District or the Trustee, designated and authorized by District. A statement shall be furnished at least quarterly indicating the amounts withheld pursuant to Article IV of this Agreement.

4. Notwithstanding anything herein to the contrary, for the period during which the tax is in effect, and so long as any bonds issued by District secured by a pledge of all or a portion of the taxes imposed under the Ordinance (the "Bonds") are outstanding, and so long as the Three-Party Agreement is in effect, all District taxes collected under the provisions of the Ordinance shall be transmitted directly to The Bank of New York Mellon Trust Company, N.A., as the initial "Trustee," and thereafter to the bank or other financial institution serving as trustee under the Indenture for the benefit of the owners of the Bonds, including any successor Trustee. The corporate trust office of the Trustee is set forth in Article V, Section A hereof, and the account of the Trustee into which transmittals of the taxes shall be made is as follows:

ACH Instructions  
The Bank of New York Mellon Trust Company, N.A.  
ABA 021000018  
Account Number \_\_\_\_\_  
Account Name: BNY Corporate Trust  
For Further Credit to \_\_\_\_\_

If any successor to The Bank of New York Mellon Trust Company, N.A. is selected as the Trustee, District shall give written notice to the Board of the name of the Trustee, the address of

the corporate trust office of the Trustee and the account of the Trustee into which transmittals of the taxes shall be made. The Board shall assume that Bonds are outstanding unless District and the Trustee have both delivered 30 days' written notice to the Board stating that no Bonds remain outstanding under the Indenture.

**D. Rules.** The Board shall prescribe and adopt such rules and regulations as in its judgment are necessary or desirable for the administration and operation of the Ordinance and the distribution of the District taxes collected thereunder.

**E. Preference.** Unless the payor instructs otherwise, and except as otherwise provided in this Agreement, the Board shall give no preference in applying money received for state sales and use taxes, state-administered local sales and use taxes, and District transactions and use taxes owed by a taxpayer, but shall apply moneys collected to the satisfaction of the claims of the State, cities, counties, cities and counties, redevelopment agencies/successor agencies, other districts, and District as their interests appear.

**F. Security.** The Board agrees that any security which it hereafter requires to be furnished by taxpayers under the State Sales and Use Tax Law will be upon such terms that it also will be available for the payment of the claims of District for District taxes owing to it as its interest appears. The Board shall not be required to change the terms of any security now held by it and District shall not participate in any security now held by the Board.

**G. Records of the Board.** When requested by resolution of the legislative body of District under Section 7056 of the Revenue and Taxation Code, the Board agrees to permit authorized personnel of District to examine the records of the Board, including the name, address, and account number of each seller holding a seller's permit with a registered business

location in District, pertaining to the ascertainment of transactions and use taxes collected for District. Information obtained by District from examination of the Board's records shall be used by District only for purposes related to the collection of transactions and use taxes by the Board pursuant to this Agreement.

**H. Annexation.** District agrees that the Board shall not be required to give effect to an annexation, for the purpose of collecting, allocating, and distributing District transactions and use taxes, earlier than the first day of the calendar quarter which commences not less than two months after notice to the Board. The notice shall include the name of the county or counties annexed to the extended District boundary. In the event that District shall annex an area, the boundaries of which are not coterminous with a county or counties, the notice shall include a description of the area annexed and two maps of District showing the area annexed and the location address of the property nearest to the extended District boundary on each side of every street or road crossing the boundary.

### **ARTICLE III**

#### **ALLOCATION OF TAX**

**A. Allocation.** In the administration of the Board's contracts with all districts that impose transactions and use taxes imposed under ordinances, which comply with Part 1.6 of Division 2 of the Revenue and Taxation Code:

1. Any payment not identified as being in payment of liability owing to a designated district or districts may be apportioned among the districts as their interest appear, or, in the discretion of the Board, to all districts with which the Board has contracted using ratios reflected by the distribution of district taxes collected from all taxpayers.

2. All district taxes collected as a result of determinations or billings made by the Board, and all amounts refunded or credited may be distributed or charged to the respective districts in the same ratio as the taxpayer's self-declared district taxes for the period for which the determination, billing, refund, or credit applies.

**B. Vehicles, Vessels, and Aircraft.** For the purpose of allocating use tax with respect to vehicles, vessels, or aircraft, the address of the registered owner appearing on the application for registration or on the certificate of ownership may be used by the Board in determining the place of use.

#### **ARTICLE IV**

##### **COMPENSATION**

District agrees to pay to the Board as the Board's cost of administering the Ordinance such amount as is provided for by law. Such amounts shall be deducted from the taxes collected by the Board for District.

#### **ARTICLE V**

##### **MISCELLANEOUS PROVISIONS**

**A. Communications.** Communications and notices may be sent by first class United States mail to the addresses listed below or to such other addresses as the parties may from time to time designate. A notification is complete when deposited in the mail.

Communications and notices to be sent to the Board shall be addressed to:

California Department of Tax and Fee Administration  
P.O. Box 942879  
Sacramento, California 94279-0027  
Attention: Supervisor, Local Revenue Allocation Unit

Communications and notices to be sent to District shall be addressed to:

San Mateo County Transportation Authority  
1250 San Carlos Avenue  
P.O. Box 3006  
San Carlos, California 94070-1306  
Attention: Chief Financial Officer

Communications and notices to be sent to the Trustee shall be addressed to:

The Bank of New York Mellon Trust Company, N.A.  
Corporate Trust – GCS  
400 South Hope Street, Suite 400  
Los Angeles, California 90071  
Attention: Corporate Trust

**B. Term.** This Agreement amends and restates the prior agreement between the State Board of Equalization, as predecessor of the Board, and District, dated October 9, 2008. The date of this Agreement is the date on which it is approved by the Department of General Services. This Agreement shall take effect upon execution by both parties. This Agreement shall continue until December 31 next following the expiration date of the Ordinance, and shall thereafter be renewed automatically from year to year until the Board completes all work necessary to the administration of the Ordinance and has received and disbursed all payments due under that Ordinance.

**C. Notice of Repeal of Ordinance.** District shall give the Board written notice of the repeal of the Ordinance not less than 110 days prior to the operative date of the repeal.

**D. Third Party Beneficiary.** The parties hereto agree that the Trustee, in its capacity as trustee for the holders of the Bonds, is recognized as a third-party beneficiary of the provisions set forth in Article II, Section C(1) and (4) of this Agreement.

## **ARTICLE VI**

### **ADMINISTRATION OF TAXES IF THE ORDINANCE IS CHALLENGED AS BEING INVALID**

**A. Impoundment of funds.**

1. When a legal action is begun challenging the validity of the imposition of the tax, District shall deposit in an interest-bearing escrow account, any proceeds transmitted to it under Article II, Section C of this Agreement, until a court of competent jurisdiction renders a final and non-appealable judgment that the tax is valid.

2. If the tax is determined to be unconstitutional or otherwise invalid, District shall transmit to the Board the moneys retained in escrow, including any accumulated interest, within ten days of the judgment of the trial court in the litigation awarding costs and fees becoming final and non-appealable.

**B. Costs of administration.** Should a final judgment be entered in any court of the State of California, holding that the Ordinance is invalid or void and requiring a rebate or refund to taxpayers of any taxes collected under the terms of this Agreement, the parties mutually agree that:

1. The Board may retain all payments made by District to the Board to prepare to administer the Ordinance.



2. District will pay to the Board and allow the Board to retain the Board's cost of administering the Ordinance in the amounts set forth in Article IV of this Agreement.

3. District will pay to the Board or to the State of California the amount of any taxes plus interest and penalties, if any, that the Board or the State of California may be required to rebate or refund to taxpayers.

4. District will pay to the Board its costs for rebating or refunding such taxes, interest, or penalties. The Board's costs shall include its additional cost for developing procedures for processing the rebates or refunds, its costs of actually making these refunds, designing and printing forms, and developing instructions for the Board's staff for use in making these rebates or refunds and any other costs incurred by the Board which are reasonably appropriate or necessary to make those rebates or refunds. These costs shall include the Board's direct and indirect costs as specified by Section 11256 of the Government Code.

5. Costs may be accounted for in a manner, which conforms to the internal accounting, and personnel records currently maintained by the Board. The billings for such costs may be presented in summary form. Detailed records will be retained for audit and verification by District.

6. Any dispute as to the amount of costs incurred by Board in refunding taxes shall be referred to the State Director of Finance for resolution and the Director's decision shall be final.

7. Costs incurred by the Board in connection with such refunds shall be billed by the Board on or before the 25th day of the second month following the month in which

the judgment of a court of the State of California holding the Ordinance invalid or void becomes final. Thereafter, the Board shall bill District on or before the 25th of each month for all costs incurred by the Board for the preceding calendar month. District shall pay to the Board the amount of such costs on or before the last day of the succeeding month and shall pay to the Board the total amount of taxes, interest, and penalties refunded or paid to taxpayers, together with Board costs incurred in making those refunds.

SAN MATEO COUNTY  
TRANSPORTATION AUTHORITY  
(District)

CALIFORNIA DEPARTMENT OF TAX  
AND FEE ADMINISTRATION  
(Board)

By \_\_\_\_\_  
Name: Jim Hartnett  
Title: Executive Director

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGMENT BY THE TRUSTEE

At the direction of District, the Trustee hereby acknowledges the provisions of this Amended and Restated Agreement for State Administration of District Transactions and Use Taxes as they relate to it as Trustee hereunder.

Dated: \_\_\_\_\_, 2020

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**ORDINANCE NO. 04223**

## **MEASURE W SALES TAX TRANSFER AGREEMENT**

This **MEASURE W SALES TAX TRANSFER AGREEMENT**, dated as of June 1, 2020 (this “Transfer Agreement”), is made by and among the San Mateo County Transit District (the “District”), the San Mateo County Transportation Authority (the “Authority”) and The Bank of New York Mellon Trust Company The Bank of New York Mellon Trust Company, N.A., as collection agent (the “Agent”), regarding the transfer and assignment of sales tax revenues generated by San Mateo County 2018 Measure W.

**WHEREAS**, the District is a public transit district organized and existing under the provisions of the San Mateo County Transit District Act (Public Utilities Code section 103000 et seq.) and as such the administrative body for the principal public transit and transportation programs throughout the County of San Mateo (the “County”); and

**WHEREAS**, the Authority is an independent agency, formed in 1988 under the Bay Area County Traffic and Transportation Funding Act (Public Utilities Code section 131000 et seq.) with the passage of a voter-approved countywide half-cent retail transactions and use tax for countywide transportation projects and programs known as Measure A, which was reauthorized in 2004 to extend until December 31, 2033; and

**WHEREAS**, on November 6, 2018, the electors of the County approved “Measure W” (District Ordinance No. 105 also known as the 2018 Sales Tax) and its associated Congestion Relief Plan (the “Plan”) containing Core Principles and a detailed description of anticipated projects, authorizing the District to impose a retail transactions and use tax applicable in the incorporated and unincorporated territory of the County beginning on July 1, 2019 and ending June 30, 2049, with proceeds of the tax to be used for transportation purposes as specified in the Plan (the “Measure W Sales Tax”); and

**WHEREAS**, Measure W provides that the District will levy the Measure W Sales Tax and administer the proceeds thereof (the “Measure W Sales Tax Revenues”) and that the District may transfer a portion of Measure W Sales Tax Revenues to the Authority for administration by the Authority consistent with the Plan, and further provides that if the Authority should cease to exist, any Measure W Sales Tax Revenues under the administration of the Authority will revert to the District for administration in accordance with the Plan; and

**WHEREAS**, Measure W provides that the District will administer the retail transactions and use tax revenues dedicated for public transit in the County and that the District may transfer the remainder of the tax proceeds to the Authority for administration by the Authority consistent with the Plan, but no details pertaining to revenue distribution is included in the measure, and

**WHEREAS**, the Authority contracts with the District to serve as its managing agency, with District staff serving as staff for the Authority, and there is a need to formalize provisions pertaining to the administration and allocation of Measure W funds; and

**WHEREAS**, the Authority intends to issue bonds payable from and secured by, among other revenues, its portion of Measure W Sales Tax Revenues; and

**WHEREAS**, the Agent is an FDIC-insured bank providing investment services and investment management with corporate trust as its core business and competency, and the Agent will be the financial institution serving as the third party collection and distribution agent for the Measure W Sales Tax Revenues, and

**WHEREAS**, there is an Amended and Restated Agreement for State Administration of District Transactions and Use Taxes (the “Tax Administration Agreement”) relating to the Measure W Sales Tax between the District and the California Department of Tax and Fee Administration (the “CDTFA”) under which the CDTFA is required to transmit to the Agent, acting as Trustee, the proceeds of the Measure W Sales Tax while it is in effect;

**NOW, THEREFORE, THE DISTRICT, THE AUTHORITY AND THE AGENT (the “PARTIES”) HEREBY ENTER INTO THIS TRANSFER AGREEMENT AND AGREE TO THE FOLLOWING:**

1. TRANSFER OF MEASURE W SALES TAX REVENUES BY DISTRICT

The District hereby irrevocably transfers and assigns fifty percent (50%) of the Measure W Sales Tax Revenues to the Authority, for so long as the Authority exists. Pursuant to the Tax Administration Agreement, the District shall cause the CDTFA to transfer such 50% portion directly to the Agent, acting on behalf of the Authority and as Trustee .

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## 2. USE OF MEASURE W SALES TAX REVENUES BY AUTHORITY

The Authority shall use the Measure W Sales Tax Revenues it receives from the District through the Agent solely for the purposes of providing transportation projects approved by the voters as part of the Plan.

## 3. ADHERENCE TO DISTRICT ORDINANCE AND CONGESTION RELIEF PLAN

- a. The District and the Authority shall adhere to the provisions of Section 6 and Section 7 of District Ordinance No. 105 regarding the use of tax proceeds and the Congestion Relief Plan.
- b. The District and the Authority shall work cooperatively and pursue the projects detailed in the Plan, consistent with the percentages for the five (5) Investment Categories for fund expenditures set forth in the Plan, and shall adhere to the eleven (11) core principles spelled out in Measure W to guide program implementation, where applicable.
- c. The District and the Authority shall maintain complete individual entity accounting records of how Measure W Sales Tax Revenues are spent and each entity shall provide details in its annual audit report regarding Measure W Sales Tax Revenues.
- d. The Authority shall cooperate with the District in providing information to the citizen oversight committee mandated by the Plan, particularly with regard to the required annual audit.

## 4. RESPONSIBILITIES OF THE AGENT

- a. The Agent shall function as the third party collection and distribution agent for Measure W Sales Tax Revenues and shall facilitate payment to the District and to the Authority of their respective fifty percent (50%) of the proceeds of Measure W Sales Tax Revenues for the entire period during which the Measure W Sales Tax is in effect.
- b. The Agent or any successor shall also serve as the trustee (the “Trustee”) under the bond indenture for any bonds issued by the Authority secured, in whole or in part, by the Authority’s portion of Measure W Sales Tax Revenues. If the Agent is replaced as the Trustee under such bond indenture by another financial institution, the Parties hereto agree that such financial institution forthwith shall serve as the Agent hereunder, and the Parties shall execute and deliver any novation, amendment or other instrument necessary to replace the existing Agent hereunder.

- c. If the Authority ceases to exist prior to the expiration of the Measure W Sales Tax, any Measure W Sales Tax Revenues then under the administration of the Authority shall revert to the District for administration and the Agent shall transmit all future Measure W Sales Tax Revenues to the District.
- d. The Agent shall maintain complete accounting records of the funds received from the CDTFA and the funds distributed specifically to the District and to the Authority.
- e. The Agent hereby accepts its duties as Agent hereunder.
- f. All of the provisions of any indenture between the Authority and the Agent related to the duties, obligations, standard of care, protections and immunities from liability afforded a trustee therein shall apply to the Agent under this Transfer Agreement.
- g. None of the provisions of this Transfer Agreement shall require the Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Agent may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel. The Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.
- h. The Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Transfer Agreement and delivered using Electronic Means; provided, however, that the Authority shall provide to the Agent an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Agent Instructions using Electronic Means and the Agent in its discretion elects to act upon such Instructions, the Agent’s understanding of such Instructions shall be deemed controlling. The Authority understands

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and agrees that the Agent cannot determine the identity of the actual sender of such Instructions and that the Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Agent have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Agent and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Agent's reliance upon and compliance with such Instructions notwithstanding if such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Agent, including without limitation the risk of the Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Issuer; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Agent, or another method or system specified by the Agent as available for use in connection with its services hereunder.

## 5. HOLD HARMLESS AND LIABILITY

a. To the extent permitted by law, the Authority hereby agrees to indemnify and hold harmless the Agent and its officers, directors, agents, and employees from and against any and all costs, claims, liabilities, losses, or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of this Transfer Agreement, except costs, claims, liabilities, losses, or damages resulting from the negligence or willful misconduct of the Agent including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties hereunder and of enforcing this indemnification provision.

The indemnifications set forth herein shall survive the termination of this Transfer Agreement and/or the resignation or removal of the Agent.

b. The liability of the Agent is limited to the duties as specifically set forth in this Transfer Agreement, which shall be deemed purely ministerial in character, and no implied covenants or obligations shall be read into this Transfer Agreement against the Agent. The Agent will not be liable for any action taken or omitted to be taken by it under this Transfer Agreement or in connection herewith except to the extent caused by the Agent's negligence or willful misconduct. Anything in this Transfer Agreement to the contrary notwithstanding, in no event shall the Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

## 6. NOTICES

Communications and notices related to this Transfer Agreement may be delivered personally or sent by first class United States mail to the Parties as noted below, or to such other addresses as the Parties may from time to time designate. Communication by email must be confirmed through personal delivery or United States mail.

District: San Mateo County Transit District  
1250 San Carlos Avenue  
P.O. Box 3006  
San Carlos, CA 94070  
Attn: Deputy General Manager  
cc: Chief Financial Officer

Authority: San Mateo County Transportation Authority  
1250 San Carlos Avenue  
P.O. Box 3006  
San Carlos, CA 94070  
Attn: Chief Officer, Planning, Development and the Transportation Authority  
cc: Chief Financial Officer

The Agent: The Bank of New York Mellon Trust Company, N.A.  
400 South Hope Street, Suite 500  
Los Angeles, CA 90071  
Attn: Corporate Trust

## 7. COSTS

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The Authority and District shall be responsible for their own costs in effectuating the provisions of this Transfer Agreement. The Authority shall be responsible for the reimbursement of any costs of the Agent in effectuating the provisions of this Transfer Agreement.

8. SEVERABILITY

If any provision in this Transfer Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in force without being impaired or invalidated in any way.

9. AMENDMENTS

This Transfer Agreement may be amended only by a written instrument signed by the Parties.

10. JURISDICTION AND VENUE

This Transfer Agreement has been executed and delivered in, and shall be construed and enforced in accordance with, the laws of the State of California. Proper venue for legal action regarding this Transfer Agreement shall be in the County of San Mateo.

11. EXECUTION

This Transfer Agreement may be executed in multiple counterparts. This Transfer Agreement is effective immediately following execution and delivery by all the Parties.

[All signatures are on the following page]

In Witness Whereof, the Parties have executed this Transfer Agreement.

SAN MATEO COUNTY TRANSIT DISTRICT

By \_\_\_\_\_  
Title:

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

By \_\_\_\_\_  
Title:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Agent

By \_\_\_\_\_  
Title:

**LOAN AGREEMENT**

**Dated as of July \_\_\_, 2020**

**Between**

**SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY**

**and**

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**

**US-101 Express Lanes Project**

## Table of Contents

	<b>Page</b>
SECTION 1. DEFINITIONS.....	2
SECTION 2. INTERPRETATION.....	11
SECTION 3. BOND LOAN; INITIAL BOND LOAN BALANCE; NOTE .....	11
SECTION 4. DISBURSEMENT OF BOND LOAN .....	12
SECTION 5. TERM .....	12
SECTION 6. BOND LOAN INTEREST RATE; ENHANCEMENT COST COMPONENT; LENDER BONDS COST COMPONENT .....	12
SECTION 7. OUTSTANDING BOND LOAN BALANCE AND REVISIONS THEREOF.....	12
SECTION 8. SECURITY AND PRIORITY; FUNDS AND ACCOUNTS; FLOW OF FUNDS .....	13
SECTION 9. PAYMENT OF PRINCIPAL AND INTEREST .....	18
SECTION 10. PREPAYMENT .....	19
SECTION 11. COMPLIANCE WITH LAWS.....	19
SECTION 12. CONDITIONS PRECEDENT .....	19
SECTION 13. REPRESENTATIONS AND WARRANTIES OF BORROWER.....	20
SECTION 14. REPRESENTATIONS, WARRANTIES, AND COVENANTS OF LENDER.....	22
SECTION 15. BORROWER COVENANTS.....	22
SECTION 16. INDEMNIFICATION.....	25
SECTION 17. EVENTS OF DEFAULT AND REMEDIES .....	26
SECTION 18. REMEDIES NOT EXCLUSIVE .....	28
SECTION 19. DELAY OR OMISSION NOT WAIVER.....	28
SECTION 20. DEFEASANCE.....	28
SECTION 21. NO PERSONAL RECOURSE .....	29
SECTION 22. NO THIRD PARTY RIGHTS .....	29
SECTION 23. BORROWER’S AUTHORIZED REPRESENTATIVE .....	29
SECTION 24. LENDER’S AUTHORIZED REPRESENTATIVE .....	29
SECTION 25. SERVICER .....	29
SECTION 26. FEES AND EXPENSES.....	29
SECTION 27. AMENDMENTS AND WAIVERS .....	30
SECTION 28. GOVERNING LAW.....	30
SECTION 29. SEVERABILITY .....	30
SECTION 30. SUCCESSORS AND ASSIGNS; THIRD-PARTY BENEFICIARY .....	30
SECTION 31. LENDER PLEDGES AND ASSIGNMENTS .....	30

**Table of Contents (continued)**

	<b>Page</b>
SECTION 32. COUNTERPARTS .....	30
SECTION 33. NOTICES; PAYMENT INSTRUCTIONS .....	31
SECTION 34. EFFECTIVENESS.....	31
SECTION 35. TERMINATION.....	31
SECTION 36. SURVIVAL OF REPRESENTATIONS AND WARRANTIES .....	31

**EXHIBIT A – FORM OF NOTE**

**EXHIBIT B – PRO FORMA BOND LOAN PRINCIPAL SCHEDULE**

## LOAN AGREEMENT

**THIS LOAN AGREEMENT** (this “Agreement”), dated as of July \_\_, 2020, is between **SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY** (the “Borrower”), and **SAN MATEO COUNTY TRANSPORTATION AUTHORITY** (together with its successors and assigns, the “Lender”).

### RECITALS

**WHEREAS**, the Borrower is duly organized and existing under the Joint Exercise of Powers Act (California Government Code, section 6500 et seq.) (the “JPA Act”) and a First Amended and Restated Joint Exercise of Powers Agreement dated June 13, 2019 (the “JPA Agreement”), between the Lender and City/County Association of Governments of San Mateo County;

**WHEREAS**, the Lender is duly organized and existing under California Public Utilities Code section 131240 and Ordinance No. 03135, titled the San Mateo County Transportation Authority Ordinance, which was later approved by majority vote of the electors of the County of San Mateo on June 7, 1988, through a ballot measure known as “Measure A;”

**WHEREAS**, the Borrower will own, manage, operate and maintain the “US-101 Express Lanes Project” (approximately 22 miles of managed lanes in both directions on U.S. Highway 101 between the San Mateo/Santa Clara County line (to the south) and U.S. Interstate 380 (to the north)) (the “101 Project”) under, *inter alia*, such as California Streets and Highways Code Section 149.7, collect toll and any other revenues generated by the Express Lanes (as defined herein) developed as part of the 101 Project, and implement the financing, acquisition, and construction of additions and improvements as part of the 101 Project;

**WHEREAS**, under the Bay Area County Traffic and Transportation Funding Act (California Public Utilities Code section 131000 et seq.) the Authority is authorized to issue limited tax bonds secured by and payable from the revenues of certain retail transactions and use taxes applicable in the incorporated and unincorporated territory of the County of San Mateo;

**WHEREAS**, proceeds of the Authority’s limited tax bonds designated “San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A” and “San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B” may fund the 101 Project and certain other expenditures contemplated by the laws authorizing such bonds and the related measures approved by the voters of the County of San Mateo;

**WHEREAS**, the Borrower requests that the Lender fund from the proceeds of such bonds a portion of the costs in connection with the 101 Project, as well as \$1,000,000 for Equity Programs (as defined herein);

**WHEREAS**, in consideration of the funding by the Lender contemplated hereunder, the Borrower agrees to repay any amount due pursuant to this Agreement in accordance with the terms and provisions hereof;



**NOW, THEREFORE**, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the Lender as follows:

**SECTION 1. Definitions.** Unless the context otherwise requires, capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 or as otherwise defined in this Agreement. Any term used in this Agreement which is defined by reference to any other agreement shall continue to have the meaning specified in such agreement on the date hereof whether or not such agreement remains in effect.

**“Account”** means any or each account established hereunder, as the context requires.

**“Adjusted Outstanding Lender Bond Principal Amount”** means, from time to time, the principal amount of Lender Bonds outstanding under the terms of the Bond Indenture, less the principal amount of Lender Bonds that would have been redeemed or retired from funds deposited to the Bond Loan Retirement Account but for the Lender choosing not to redeem or retire corresponding Lender Bonds from such funds.

**“Affiliate”** means, with respect to any Person, any Person directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

**“Agreement”** has the meaning provided in the preamble hereto.

**“Base Rate”** means the rate of interest borne from time to time by the Lender Bonds calculated as provided in the Lender Bonds.

**“Board”** means the Board of Directors of the Borrower.

**“Bond Loan”** means the non-revolving loan made by the Lender to the Borrower hereunder through deposit of Lender Bond proceeds into the funds and accounts under the Bond Indenture as described in Sections 3 and 4.

**“Bond Indenture”** means the Indenture, dated as of July 1, 2020, as supplemented by the First Supplemental Indenture, dated as of July 1, 2020, each between the Lender and The Bank of New York Mellon Trust Company, N.A., as trustee, under which the Lender Bonds were issued, as it may be amended from time to time.

**“Bond Loan Interest and Costs Account”** means the Account by that name created under Section 8(a)(vi).

**“Bond Loan Interest Rate”** has the meaning set forth in Section 6.

**“Bond Loan Prepayment Date”** means, for each funding of a prepayment under Section 10(a) or (b), (1) the day on which Lender Bonds are redeemed from such amounts in accordance with the Bond Indenture, or (2) if Lender Bonds are not so redeemed, the first day on which Lender Bonds could have been redeemed from such amounts in accordance with the Bond Indenture assuming notice of redemption had been delivered by the Lender to the trustee for the Lender Bonds under the Bond Indenture on the Business Day immediately following the date on which the Borrower funded such prepayment and provided written notice thereof to the Lender.

**“Bond Loan Principal Schedule”** means the Pro Forma Bond Loan Principal Schedule attached hereto as Exhibit B.

**“Bond Loan Retirement Account”** means the Account by that name created pursuant to Section 8(a)(xi).

**“Borrower”** has the meaning provided in the Preamble hereto.

**“Borrower’s Authorized Representative”** means any Person designated as such under Section 23.

**“Business Day”** means any day other than a Saturday, a Sunday or other day on which the Lender’s offices are authorized or obligated by law or executive order to be closed in the State of California but includes any “Business Day” as defined in the Bond Indenture.

**“C/CAG”** means the City/County Association of Governments of San Mateo County.

**“Caltrans Agreement”** means [to come].

**“Code”** means the Internal Revenue Code of 1986.

**“Collateral”** means all rights, title, interest and privileges of the Borrower in, to and under (i) the Net Revenue, (ii) all amounts in the Bond Loan Interest and Costs Account, the Operating Reserve Fund, the Revenue Stabilization Reserve Fund, the Repair and Rehabilitation Reserve Fund, the Equipment Replacement Reserve Fund, and the Bond Loan Retirement Account established hereunder, and (iii) all interest or other income from investment of money in the Bond Loan Interest and Costs Account, the Operating Reserve Fund, the Revenue Stabilization Reserve Fund, the Repair and Rehabilitation Reserve Fund, the Equipment Replacement Reserve Fund, and the Bond Loan Retirement Account established hereunder.

**“Default Rate”** means an interest rate equal to the Bond Loan Interest Rate plus 3.0%.

**“Defeasance Obligations”** means cash or “government securities,” as such term is used in Treasury Regulations 1.1001-3(e)(5)(ii)(B)(I).

**“Effective Date”** means July \_\_, 2020.

**“Enhancement Adjustment”** has the meaning set forth in Section 7(b).

**“Enhancement Cost Component”** means an amount accruing on and after [\_\_\_\_\_, 202\_] [THE END OF THE TWO-YEAR CAPITALIZED ENHANCEMENT FEE PERIOD] based on the Adjusted Outstanding Lender Bond Principal Amount at a rate equal to the Enhancement Rate.

**“Enhancement Rate”** means, for any period, 0.40% per annum, calculated based on a year of 365/366 days and actual days elapsed.

**“Environmental Laws”** means any and all federal, state and local statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or to the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

**“Equipment Replacement Reserve Fund”** means the Fund by that name created pursuant to Section 8(a)(x).

**“Equipment Replacement Reserve Fund Requirement”** means 100% of budgeted equipment replacement expenditures for the Express Lanes for the then-current Fiscal Year, as set forth in the Operating Budget for the Fiscal Year.

**“Equity Programs”** means programs implemented by the Borrower under section 2.2(g) of the JPA Agreement.

**“Equity Programs Fund”** means the Fund by that name created pursuant to Section 8(a)(iii).

**“Event of Default”** has the meaning set forth in Section 17.

**“Express Lanes”** means the tolled express lanes developed as part of the 101 Project and any extensions and improvements thereto as determined by the Borrower.

**“Express Lanes Operator”** means Bay Area Toll Authority, or any successor thereto, responsible for the collection of tolls with respect to the Express Lanes.

**“Express Lanes Revenue Fund”** means the Fund by that name created pursuant to Section 8(a)(i).

**“Express Lanes Revenues”** means (a) toll revenues, user fees, fines, rents or other similar charges payable for use of the Express Lanes, as well as fines and penalties and interest thereon collected as a result of a failure to pay any such amounts, (b) proceeds of insurance payable to or received by the Borrower with respect to the Express Lanes (whether by way of claims, return of premiums, ex gratia settlements or otherwise), including proceeds from business interruption insurance and loss of advance profits insurance, except for proceeds of fire and other casualty insurance that are actually applied or reserved for application to the repair, restoration or replacement of the Express Lanes, (c) proceeds of any condemnation awards with respect to the Express Lanes, except to the extent actually applied or reserved for application to the replacement of the Express Lanes, (d) liquidated damages for delayed completion of the 101 Project payable to the Borrower under a construction contract relating to the 101 Project or a portion thereof, and

(e) any other incidental or related fees or charges, but excluding therefrom cash advances representing deposits against future toll payments from users or potential users of the Express Lanes.

**“Final Maturity Date”** means June 1, 2049.

**“Fiscal Year”** means the period of twelve months terminating on June 30 of each year or any such other annual period selected and designated by the Borrower as its Fiscal Year in accordance with applicable law.

**“Fund”** means each fund established in accordance with the terms hereof.

**“GAAP”** means generally accepted accounting principles for state and local governments, which are the minimum standards of and guidelines for financial accounting and reporting.

**“Governmental Approval”** means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority.

**“Governmental Authority”** means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the United States of America or its territories or possessions, including, without limitation, the State and its counties and municipalities, and their respective courts, agencies, instrumentalities and regulatory bodies, or any entity that acts “on behalf of” any of the foregoing, whether as an agency or authority of such body.

**“Insurance and Condemnation Proceeds Account”** means the Account by that name created pursuant to Section 8(a)(xii).

**“Interest Payment Date”** means the first day of each calendar month, or, if such day is not a Business Day, the immediately following Business Day, and the Final Maturity Date.

**“JPA Agreement”** has the meaning given such term in the Recitals.

**“Lender”** means the San Mateo County Transportation Authority, and its successors and assigns.

**“Lender Bonds”** means the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A and the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B.

**“Lender Bonds Cost Component”** means letter of credit facility fees, letter of credit draw fees, remarketing agent fees, trustee fees, rating surveillance costs and all other direct administrative fees and charges accrued or incurred in any period by the Lender in connection with the Loan Documents and the Lender Bonds, but only such amounts accruing on and after [\_\_\_\_\_, 202\_] [THE END OF THE THREE-YEAR CAPITALIZED INTEREST PERIOD].

**“Lender’s Authorized Representative”** means any Person who shall be designated as such by the Lender pursuant to Section 24.

**“Lien”** means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under applicable law.

**“Loan Documents”** means this Agreement and the Note.

**“Material Adverse Effect”** means a material adverse change in (a) the ability of the Borrower to perform or comply with any of its material obligations under any Loan Document, (b) the validity or priority of the Lien on the Collateral in favor of the Lender or (c) the Lender’s rights or benefits available under this Agreement.

**“Monthly Funding Date”** means the first day of each calendar month or, if such day is not a Business Day, the immediately following Business Day.

**“Nationally Recognized Rating Agency”** means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, Moody’s Investors Services, Inc., Fitch Ratings or another nationally recognized statistical rating organization, identified by the U.S. Securities and Exchange Commission.

**“Net Revenue”** means, for any Fiscal Year, Revenue less Operation and Maintenance Expenses for that Fiscal Year (excluding, in such calculations, (i) any extraordinary or one-time revenues from Revenue for such Fiscal Year and (ii) any extraordinary or one-time expenses from Operation and Maintenance Expenses for such Fiscal Year, but only if and to the extent such extraordinary or one-time expenses are paid or payable from extraordinary or one-time revenues being excluded from Revenue for such Fiscal Year), as set forth in (a) the audited financial statements of the Borrower for Fiscal Years for which audited financial statements are available, or (b) to the extent that audited financial statements are not available, the unaudited financial statements of the Borrower for Fiscal Years for which unaudited financial statements are available.

**“Note”** means the Note evidencing the Bond Loan in substantially the form attached hereto as Exhibit A, and any amendments thereto.

**“Obligations”** means the Borrower’s obligation hereunder and under the Note to pay principal and interest on the Bond Loan and the Borrower’s obligation to pay principal and interest under the Operating Loan Agreement (Lender).

**“Operating Budget”** means the fiscal year operating budget for the Express Lanes, adopted by the Board.

**“Operating Loans”** means the Operating Loan (Lender) and the Operating Loan (C/CAG).

**“Operating Loan (C/CAG)”** means the loan to the Borrower from C/CAG under the Operating Loan Agreement (C/CAG).

**“Operating Loan (C/CAG) Interest Account”** means the Account by that name created pursuant to Section 8(a)(v).

**“Operating Loan (C/CAG) Principal Schedule”** means the loan principal schedule under Section 2.F. of the Operating Loan Agreement (C/CAG), as modified from time to time under its terms.

**“Operating Loan (C/CAG) Retirement Account”** means the Account by that name created pursuant to Section 8(a)(xi).

**“Operating Loan (Lender)”** means the loan to the Borrower from the Lender under the Operating Loan Agreement (Lender).

**“Operating Loan (Lender) Interest Account”** means the Account by that name created pursuant to Section 8(a)(v).

**“Operating Loan (Lender) Principal Schedule”** means the loan principal schedule under Section 2.F. of the Operating Loan Agreement (Lender), as modified from time to time under its terms.

**“Operating Loan (Lender) Retirement Account”** means the Account by that name created pursuant to Section 8(a)(xi).

**“Operating Loan Agreement (C/CAG)”** means the Cooperative Funding Agreement dated \_\_\_\_\_, 2020, as amended by the First Amendment to Cooperative Funding Agreement dated \_\_\_\_\_, 2020, each between C/CAG and the Borrower, and as further amended from time to time.

**“Operating Loan Agreement (Lender)”** means the Cooperative Funding Agreement dated \_\_\_\_\_, 2020, as amended by the First Amendment to Cooperative Funding Agreement dated \_\_\_\_\_, 2020, each between the Lender and the Borrower, and as further amended from time to time.

**“Operating Loan Interest Fund”** means the Fund by that name created pursuant to Section 8(a)(v).

**“Operating Loan Prepayment Date”** means, for each deposit to the Operating Loan (C/CAG) Retirement Account or the Operating Loan (Lender) Retirement Account, the Business Day immediately following the date of such deposit and written notice of such deposit to the Lender.

**“Operating Reserve Fund”** means the Fund by that name created pursuant to Section 8(a)(vii).

**“Operating Reserve Fund Requirement”** means one sixth (1/6) of the budgeted Operation and Maintenance Expenses for the then-current Operating Budget.

**“Operation and Maintenance Expenses”** means all reasonable current expenses incurred and paid or payable by the Borrower for the administration of the Borrower and for the operation and maintenance of the Express Lanes payable from Revenue, determined in accordance with GAAP, including, without limitation, all amounts paid or payable under an operating agreement, a police services agreement and similar agreements, costs for operation, maintenance and repair, consumables, payments under any lease or rental payments properly considered to be operating expenses, payments pursuant to agreements for the management of the Express Lanes, taxes, premiums paid or payable on any insurance, payments for oversight services, all administrative, engineering and policing costs, costs for any security, toll collection and enforcement expenses, fees and expenses of a traffic consultant, any fiscal agent, paying agent, rating agency, credit, liquidity or remarketing fees relating to Obligations (for the avoidance of doubt, such fees, administrative costs and expenses do not include any commitment fees, termination fees, fines or other penalties or any payments to be made to swap providers), any insurance consultant, legal and accounting expenses, and any other reasonable and necessary expense paid or payable for the operation and maintenance of the Express Lanes, but excluding expenses paid or scheduled to be paid from proceeds of Obligations, capital expenditures, expenditures for rehabilitation and operational improvement projects on the Express Lanes, depreciation or obsolescence charges or reserves therefore, debt service for Obligations and any non-cash charges, such as depreciation, amortization of intangibles and other bookkeeping entries of a similar nature.

**“Operation and Maintenance Fund”** means the Fund by that name created pursuant to Section 8(a)(ii).

**“Outstanding”** means all Obligations, except such Obligations: (i) canceled or delivered for cancellation; (ii) deemed to be paid; and (iii) Obligations held by or for the account of the Borrower.

**“Outstanding Bond Loan Balance”** means the Bond Loan Balance as of a given time.

**“Payment Date”** means each Interest Payment Date and the Final Maturity Date.

**“Payment Default”** has the meaning set forth in Section 17(a)(i).

**“Permitted Debt”** means the Bond Loan and the Operating Loans.

**“Permitted Investments”** means with respect to the investment of amounts on deposit in Funds and Accounts and subaccounts referred to in Section 8 of this Agreement:

(a) Defeasance Obligations; or Direct obligations of any agency or instrumentality of the United States of America;

(b) certificates of deposit where the certificates are collaterally secured by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so

secured, including interest, but this collateral is not required to the extent the certificates of deposit are insured by an agency of the Government;

(c) money market accounts held by the Lender or its Affiliates; or made with any bank (including a third party as fiscal agent or custodian);

(d) repurchase agreements when collateralized by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest;

(e) money market funds that invest solely in obligations of the United States of America, its agencies and instrumentalities, and having a rating by a Nationally Recognized Rating Agency at least equivalent to, or higher than, the rating of the Government; and

(f) collateralized investment agreements or other contractual agreements with corporations, financial institutions or national associations within the United States of America, provided that the senior long-term debt of such corporations, institutions or associations is rated "AA" or its equivalent by a Nationally Recognized Rating Agency.

(g) commercial paper (having maturities of not more than 270 days) rated A-1 or better by S& P and P-1 by Moody's.

(h) any investment approved by the Board.

**"Permitted Liens"** on the Project means:

(a) Liens imposed by law for taxes that are not yet due or are being contested;

(b) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, and other social security laws or regulations;

(c) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(d) judgment liens in respect of judgments that do not constitute an Event of Default;

(e) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower;

(f) any Lien on any property or asset of the Borrower existing on the Effective Date hereof; provided that (i) such Lien shall not apply to any other property or asset of the Borrower and (ii) such Lien shall secure only those obligations that it secures on the Effective Date



hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(g) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien shall not apply to any other property or assets of the Borrower and (iii) such Lien shall secure only those obligations that it secures on the date of such acquisition, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; and

(h) purchase money security interests in equipment acquired on or after the Effective Date hereof by the Borrower, provided that (i) such security interests secure indebtedness for borrowed money permitted by Section 15(a), (ii) such security interests are incurred, and the indebtedness secured thereby is created, within ninety (90) days after such acquisition, (iii) the indebtedness secured thereby does not exceed the fair market value of such real property, improvements or equipment at the time of such acquisition and (iv) such security interests do not apply to any other property or assets (other than accessions to such equipment) of the Borrower.

“**Person**” means any natural person, firm, partnership, association, corporation, or public body.

“**Rating Category**” means one of the generic rating categories of a Nationally Recognized Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“**Rebate Fund**” means the Fund by that name created pursuant to Section 8(a)(iv).

“**Repair and Rehabilitation Reserve Fund**” means the Fund by that name created pursuant to Section 8(a)(ix).

“**Repair and Rehabilitation Reserve Fund Requirement**” means the ending balance in the Repair and Rehabilitation Reserve Fund for the prior Fiscal Year, plus 100% of budgeted capital expenditures for the Express Lanes for the current Fiscal Year, as set forth in the Operating Budget for the current Fiscal Year.

“**Revenue**” means: (a) Express Lanes Revenues, (b) all interest or other income from investment of money in the Funds and Accounts established hereunder (excluding the Operation and Maintenance Fund, the Equity Programs Fund, and the Rebate Fund).

“**Revenue Sharing Fund**” means the Fund by that name created pursuant to Section 8(a)(xi).

“**Revenue Stabilization Reserve Fund**” means the Fund by that name created pursuant to Section 8(a)(viii).

[“**Revenue Stabilization Reserve Fund Requirement**” means, as of any date, 25% of the budgeted Express Lanes Revenues in the Operating Budget for the then-current Fiscal Year.]

“**Servicer**” means such entity or entities as the Lender shall designate under Section 25 from time-to-time to perform, or assist the Lender in performing, certain duties hereunder.

“**State**” means the State of California.

“**Tax Certificate**” means the [Tax Certificate and Agreement dated \_\_\_\_\_, 2020], between the Lender and the Borrower.

“**101 Project**” has the meaning given such term in the Recitals.

**SECTION 2. Interpretation.** Unless the context shall otherwise require, the words “hereto,” “herein,” “hereof” and other words of similar import refer to this Agreement as a whole. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise require. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” Unless the context shall otherwise require, references to any Person shall be deemed to include such Person’s successors and permitted assigns. Unless the context shall otherwise require, references to sections, subsections, and provisions are to the applicable sections, subsections and provisions of this Agreement. The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions. Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements to, or modifications or restatements or replacements of, such documents that are approved from time-to-time in accordance with the terms thereof and hereof. Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 19 and signed by a duly authorized representative of such party.

**SECTION 3. Bond Loan; Initial Bond Loan Balance; Note.**

(a) The Lender hereby loans to the Borrower, and the Borrower hereby borrows from the Lender, the Bond Loan, by causing the net proceeds (after underwriter’s discount) from the sale of the Lender Bonds to be deposited as provided under the Bond Indenture to the funds and accounts thereunder. The initial Bond Loan Balance shall be \$[\_\_\_\_\_] (calculated as the amount of Lender Bond proceeds deposited to the funds and accounts under the Bond Indenture plus the underwriters’ discount upon initial sale of the Lender Bonds to the underwriters thereof). Thereafter, the principal amount of the Bond Loan at any time shall be the Bond Loan Balance as determined in Section 7.

(b) On or before the Effective Date, the Borrower shall execute and deliver the Note. The Note shall evidence the Borrower’s obligation to repay to the Lender the Bond Loan with interest as herein provided. The Note shall not be rated by a credit rating agency, shall not have a CUSIP number and shall not be issued or sold pursuant to an offering document. The Note shall be registered in the name of the Lender, and shall be in substantially the form set forth in Exhibit A hereto.

SECTION 4. Disbursement of Bond Loan. The Lender shall cause such Lender Bond proceeds to be disbursed on the Effective Date and from time to time thereafter in accordance with the Bond Indenture and the Tax Certificate, including without limitation to pay directly, or to reimburse prior payments of, costs in connection with the 101 Project.

SECTION 5. Term. The term of the Bond Loan and the Note shall extend from the Effective Date to the Final Maturity Date or to such earlier or later date as all amounts due or to become due to the Lender hereunder have been paid.

SECTION 6. Bond Loan Interest Rate; Enhancement Cost Component; Lender Bonds Cost Component.

(a) Interest on the Bond Loan shall accrue only on and after [\_\_\_\_\_, 202\_] [THE END OF THE THREE-YEAR CAPITALIZED INTEREST PERIOD]. The interest rate with respect to the Bond Loan (the “Bond Loan Interest Rate”) shall be the Base Rate. Upon the occurrence and during the continuance of an Event of Default, the Bond Loan Interest Rate shall be the Default Rate and the Outstanding Bond Loan Balance shall continue to bear interest at such rate until such Event of Default is cured or the Bond Loan has been paid in full.

(b) On each Payment Date, the Borrower shall pay to the Lender an amount equal to the then incurred or accrued and unpaid Enhancement Cost Component, except the Enhancement Cost Component or portion thereof added to the Bond Loan Balance under Section 7.

(c) On each Payment Date, the Borrower shall pay to the Lender an amount equal to the then incurred or accrued and unpaid Lender Bonds Cost Component, except the Lender Bonds Cost Component or portion thereof added to the Bond Loan Balance under Section 7.

SECTION 7. Outstanding Bond Loan Balance and Revisions Thereof.

(a) As of any date, the “Bond Loan Balance” shall be the initial Bond Loan Balance under Section 3:

(i) plus interest calculated at the Base Rate accrued on and after [\_\_\_\_\_, 202\_] [THE END OF THE THREE-YEAR CAPITALIZED INTEREST PERIOD] as of each Monthly Funding Date that is not funded by a corresponding deposit to the Bond Loan Interest and Costs Account or the Bond Loan Retirement Account;

(ii) plus the Enhancement Cost Component accrued on and after [\_\_\_\_\_, 202\_] [THE END OF THE TWO-YEAR CAPITALIZED ENHANCEMENT FEE PERIOD] as of each Monthly Funding Date that is not funded by a corresponding deposit to the Bond Loan Interest and Costs Account;

(iii) plus the Lender Bonds Cost Component accrued on and after [\_\_\_\_\_, 202\_] [THE END OF THE THREE-YEAR CAPITALIZED INTEREST PERIOD] as of each Monthly Funding Date that is not funded by a corresponding deposit to the Bond Loan Interest and Costs Account;

(iv) less repayments of Bond Loan principal from amounts deposited to the Bond Loan Retirement Account; and

(v) less the amount of any Enhancement Adjustment required under subsection (b) of this Section.

(b) If, in any Fiscal Year, \$5,000,000 or more of Net Revenue is deposited to the Bond Loan Retirement Account under clause Tenth of Section 8(b), an “Enhancement Adjustment” shall be made to the Bond Loan Balance as set forth in this subsection. The Lender shall reduce the Bond Loan Balance by an amount equal to the Adjusted Outstanding Lender Bond Principal Amount as of the first day of the then-current Fiscal Year times 0.15%. Such Enhancement Adjustment shall be applied to the Bond Loan Balance on the June 1 that follows the deposit under clause Tenth of Section 8(b).

(c) The Lender shall make applicable revisions to the Bond Loan Balance upon any optional or mandatory prepayment of the Bond Loan, which shall reflect, to the extent reasonably practicable, proportionate adjustments, if necessary. Upon any such revision the Lender shall provide the Borrower with the revised Bond Loan Balance. No failure to provide or delay in providing the Borrower with such schedule shall affect any of the obligations of the Borrower under this Agreement or the other Loan Documents.

SECTION 8. Security and Priority; Funds and Accounts; Flow of Funds. As security for repayment of the Bond Loan, the Operating Loan (Lender), the Operating Loan (C/CAG) and its respective other obligations thereunder, the Borrower hereby pledges, assigns and grants a security interest in and lien on the Collateral. All Express Lanes Revenues received and receivable by the Borrower are to be deposited by the Borrower in the Funds and Accounts described herein and held for the purposes set forth herein, and except as otherwise provided herein, shall not be subject to any lien, levy, garnishment or attachment by any creditor of the Borrower nor shall they be subject to any assignment or hypothecation by the Borrower. Subject only to the provisions hereof permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, the Borrower shall receive all of the Express Lanes Revenues. Moneys on deposit in the Funds and Accounts described in this Section 8 shall be held by the Borrower pending application in accordance with the provisions of this Section 8. Collateral shall be invested only in Permitted Investments.

(a) The following Funds and Accounts are hereby established and created hereunder and shall at all times be held and maintained by the Borrower:

- (i) the Express Lanes Revenue Fund;
- (ii) the Operation and Maintenance Fund;
- (iii) the Equity Program Fund;
- (iv) the Rebate Fund;

(v) the Operating Loan Interest Fund, and within the Operating Loan Interest Fund, the Operating Loan (Lender) Interest Account, and the Operating Loan (C/CAG) Interest Account;

(vi) the Bond Loan Interest and Costs Account;

(vii) the Operating Reserve Fund;

(viii) the Revenue Stabilization Reserve Fund;

(ix) the Repair and Rehabilitation Reserve Fund;

(x) the Equipment Replacement Reserve Fund;

(xi) the Revenue Sharing Fund, and within the Revenue Sharing Fund, the Operating Loan (C/CAG) Retirement Account, the Operating Loan (Lender) Retirement Account, and the Bond Loan Retirement Account; and

(xii) the Insurance and Condemnation Proceeds Account.

The Borrower may establish and maintain additional temporary Funds or Accounts or sub-accounts for the purposes specified herein or for the convenience of the Borrower.

The funds or accounts established hereunder to be held and maintained by the Borrower shall be held and maintained on behalf of the Borrower by a bank, trust company or other financial institution selected by the Borrower serving as the Borrower's fiscal agent under a fiscal agent agreement to be negotiated between the Borrower and such fiscal agent and entered into within six months following the Effective Date. Such fiscal agent agreement shall obligate the fiscal agent to hold all of the funds and accounts contemplated by this Agreement and to administer amounts described in this Agreement consistent with the restrictions and requirements set forth herein. Before entering into any such fiscal agent agreement or amendment thereof, the Borrower shall submit the final form thereof to the Lender for its review and approval.

(b) So long as any obligations under the Loan Documents or under the Operating Loan Agreement (C/CAG) or under the Operating Loan Agreement (Lender) remain unpaid, the Borrower shall deposit all Revenue following receipt in the Express Lanes Revenue Fund. Amounts on deposit in the Express Lanes Revenue Fund shall be set aside and shall be applied in the following order of priority, at the times and in the amounts set forth below to the extent that Revenue is available to make such deposits.

First, on each Monthly Funding Date, to the Operation and Maintenance Fund, the amount necessary to increase the balance of the Operation and Maintenance Fund to an amount equal to the Operation and Maintenance Expenses then due and payable and not previously paid;

Second, on each Monthly Funding Date, to the Rebate Fund, the amount required to satisfy any applicable rebate requirement payable and not previously paid to the United States Treasury in respect of the Lender Bonds, in such amount as is indicated in writing to the Borrower by the Lender, which shall be conclusive in the absence of manifest error;

Third, on each Monthly Funding Date, to the Equity Programs Fund, the amount of \$50,000[, plus the amount of any unsatisfied deficiency on any prior Monthly Funding Date during the current Fiscal Year/without regard to any deficiency in any prior Monthly Funding Date];

Fourth, on each Interest Payment Date and on the maturity date of the Operating Loan (C/CAG) and the maturity date of the Operating Loan (Lender), to the Operating Loan Interest Fund, an amount estimated to equal the sum of (1) Operating Loan (C/CAG) interest accrued or to accrue on the Operating Loan (C/CAG) to that Interest Payment Date or its maturity date, as applicable (calculated as set forth in the Operating Loan Agreement (C/CAG)), as evidenced in a written notice by C/CAG to the Borrower (which notice shall be conclusive absent manifest error and provided at least three days before the funding date)) plus (2) Operating Loan (Lender) interest accrued or to accrue on the Operating Loan (Lender) to that Interest Payment Date or its maturity date, as applicable (calculated as set forth in the Operating Loan Agreement (Lender)), as evidenced in a written notice by the Lender to the Borrower (which notice shall be conclusive absent manifest error and provided at least three days before the funding date);

Fifth, on each Interest Payment Date on and after [\_\_\_\_\_, 202\_] and on the Final Maturity Date, to the Bond Loan Interest and Costs Account, an amount estimated to equal Bond Loan unpaid interest accrued or to accrue to the Interest Payment Date or the Final Maturity Date, as applicable, plus the unpaid Enhancement Cost Component accrued or to accrue to the Interest Payment Date, plus the unpaid Lender Bonds Cost Component accrued or to accrue to the Interest Payment Date (calculated by the Lender, with any period for which the Bond Loan Interest Rate has not yet been established assumed to be at the maximum and after adjusting correspondingly for any portion of a prior Monthly Funding Date that did not reflect the actual Bond Loan Interest Rate), as evidenced in a written notice by the Lender to the Borrower (which notice shall be conclusive absent manifest error and provided at least three days before the funding date);

Sixth, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Operating Reserve Fund, such amount as will result in the total amount on deposit in the Operating Reserve Fund equating to the Operating Reserve Fund Requirement;

Seventh, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Revenue Stabilization Reserve Fund, such amount as will result in the total amount on deposit in the Revenue Stabilization Reserve Fund equating to the Revenue Stabilization Reserve Fund Requirement;

Eighth, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Repair and Rehabilitation Reserve Fund, such amount as will result in the total amount on deposit in the Repair and Rehabilitation Reserve Fund equating to the Repair and Rehabilitation Reserve Fund Requirement;

Ninth, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Equipment Replacement Reserve Fund, such amount as will result in the total amount on deposit in the Equipment Replacement Reserve Fund equating to the Equipment Replacement Reserve Fund Requirement;

Tenth, on each May 1 (or if such day is not a Business Day, the next Business Day), (i) to the Revenue Sharing Fund 85% of amounts remaining after all other deposits required under this section (rounded to the nearest cent) and (ii) to the Borrower the remainder of amounts in the Express Lanes Revenue Fund for any lawful purpose, including without limitation for Equity Programs. But if the amount calculated in the preceding clause (i) is greater than the amount required to fully discharge payment of all principal and interest on the Bond Loan on the next Bond Loan Prepayment Date or the Final Maturity Date (whichever occurs next) plus the amount required to fully discharge all principal and interest on the Operating Loans on the next Operating Loan Prepayment Date or the maturity date of the Operating Loans, then the transfer under the preceding clause (i) shall be in such amounts instead.

(c) Reserved.

(d) Equity Programs Fund. The Borrower shall pay only costs of the Equity Program from amounts deposited to the Equity Programs Fund. The Borrower shall keep and maintain accurate records of all expenditures from such account within the Equity Programs Fund and shall provide such records to the Lender upon reasonable request in writing and shall make available the appropriate officers of the Borrower to answer questions regarding such expenditures upon reasonable notice.

The Lender and Borrower acknowledge that the deposits to the Equity Program Fund required under clause Third of subsection (b) of this Section provide for the direct funding of the Equity Programs. The Lender and Borrower agree that Equity Programs that are not directly funded, but are instead implemented through measures that reduce Express Lanes Revenue (e.g., Equity Programs that implement means-based toll rate discounts), will require amendments to this Agreement before implementation by the Borrower. The Lender and Borrower agree to meet, confer, and negotiate such amendments in good faith upon presentation by the Borrower to the Lender of such a proposed Equity Program.

(e) Operation and Maintenance Fund. The Borrower shall apply the funds in the Operation and Maintenance Fund to pay Operation and Maintenance Expenses due and payable and not previously paid. All interest, profits and other income received from the investment of monies in the Operation and Maintenance Fund shall be deposited in the Operation and Maintenance Fund.

(f) Rebate Fund. Money at any time deposited in the Rebate Fund shall be transferred by the Borrower to the trustee under the Bond Indenture as the Lender shall instruct. Amounts in the Rebate Fund shall be held uninvested.

(g) Operating Loan Interest Fund. Money at any time deposited in the Operating Loan Interest Fund shall be transferred by the Borrower on the date of such deposit to the Operating Loan (Lender) Interest Account and the Operating Loan (C/CAG) Interest Account in the respective amounts set forth in subclauses (1) and (2) of clause Eighth of subsection (b) of this Section, and if insufficient to make such transfers in full, then in proportion to the amounts described in subclauses (1) and (2). Money at any time deposited in the Operating Loan (C/CAG) Interest Account shall be transferred by the Borrower on the date of such deposit as C/CAG shall instruct to discharge the obligation to pay interest due on the Operating Loan (C/CAG). Money at

any time deposited in the Operating Loan (Lender) Interest Account shall be transferred by the Borrower on the date of such deposit as the Lender shall instruct to discharge the obligation to pay interest due on the Operating Loan (Lender).

(h) Bond Loan Interest and Costs Account. Money at any time deposited in the Bond Loan Interest and Costs Account shall be transferred by the Borrower on the date of such deposit as the Lender shall instruct to discharge the obligation to pay interest due on the Bond Loan and to pay the Enhancement Costs Component and the Lender Bonds Cost Component.

(i) Revenue Stabilization Reserve Fund. The Revenue Stabilization Reserve Fund shall be funded from amounts transferred pursuant to clause Seventh of subsection (b) of this Section and may be funded by the Borrower from any other legally available source of funds. Amounts in the Revenue Stabilization Reserve Fund may be withdrawn by the Borrower and transferred to the Operation and Maintenance Fund to the extent the amounts in the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses due and payable and not previously paid.

(j) Operating Reserve Fund. The Operating Reserve Fund shall be funded from amounts transferred pursuant to clause Sixth of subsection (b) of this Section and may be funded by the Borrower from any other legally available source of funds. Amounts in the Operating Reserve Fund may be withdrawn by the Borrower and transferred to the Operation and Maintenance Fund to the extent the amounts in the Operation and Maintenance Fund and amounts available for transfer from the Revenue Stabilization Reserve Fund under subsection (i) of this Section are, together, insufficient to pay Operation and Maintenance Expenses due and payable and not previously paid.

(k) Repair and Rehabilitation Reserve Fund. The Repair and Rehabilitation Reserve Fund shall be funded from any lawful source of funds of the Borrower and amounts transferred pursuant to clause Eighth of subsection (b) of this Section. On any date on which capital expenditures required under the [Caltrans Agreement] are due and payable or reasonably expected to become due and payable, monies on deposit in the Repair and Rehabilitation Reserve Fund shall be applied by the Borrower to pay such expenditures.

(l) Equipment Replacement Reserve Fund. The Equipment Replacement Reserve Fund shall be funded from any lawful source of funds of the Borrower and amounts transferred pursuant to clause Ninth of subsection (b) of this Section. On any date on which expenditures for equipment replacement are due and payable or reasonably expected to become due and payable, monies on deposit in the Equipment Replacement Reserve Fund shall be applied by the Borrower to pay such expenditures.

(m) Revenue Sharing Fund. The Revenue Sharing Fund shall be funded from amounts transferred pursuant to clause Tenth of subsection (b) and subsection (n) of this Section. Upon each deposit to the Revenue Sharing Fund, the Borrower will allocate and deposit moneys transferred to the Revenue Sharing Fund to the Operating Loan (C/CAG) Retirement Account, the Operating Loan (C/CAG) Retirement Account and the Bond Loan Retirement Account in proportions reflecting the applicable assumed principal amounts of (i) the Operating Loan (C/CAG) appearing on the Operating Loan (C/CAG) Principal Schedule, (ii) the Operating Loan (Lender)



appearing on the Operating Loan (Lender) Principal Schedule and (iii) the Bond Loan appearing on the Bond Loan Principal Schedule. The Borrower shall transfer to C/CAG all amounts deposited to the Operating Loan (C/CAG) Retirement Account to prepay on the applicable Operating Loan Prepayment Date principal of the Operating Loan (C/CAG) and the corresponding interest accrued or to accrue to the Operating Loan Prepayment Date so as to exhaust the deposit. The Borrower shall transfer to the Lender all amounts deposited to the Operating Loan (Lender) Retirement Account to prepay on the applicable Operating Loan Prepayment Date principal of the Operating Loan (Lender) and the corresponding interest accrued or to accrue to the Operating Loan Prepayment Date so as to exhaust the deposit. The Borrower shall transfer to, or as instructed by, the Authority all amounts deposited to the Bond Loan Retirement Account to prepay on the next Bond Loan Prepayment Date principal of the Bond Loan and the corresponding interest accrued or to accrue to the Bond Loan Prepayment Date so as to exhaust the deposit. The Operating Loan (C/CAG) Retirement Account, Operating Loan (Lender) Retirement Account and the Bond Loan Retirement Account shall be held uninvested.

(n) Insurance and Condemnation Proceeds Account. Proceeds of fire and other casualty insurance payable to or received by the Borrower with respect to the 101 Project or the Express Lanes (whether by way of claims, return of premiums, ex gratia settlements or otherwise), and proceeds of any condemnation awards payable to or received by the Borrower with respect to the Express Lanes shall be transferred by the Borrower to and deposited in the Insurance and Condemnation Proceeds Account. Amounts on deposit in the Insurance and Condemnation Proceeds Account may be used by the Borrower to pay the costs of restoration, repair or rehabilitation of the Express Lanes or portion thereof to which such insurance or condemnation proceeds relate; provided, however, that any portion of such amounts that the Borrower elects not to use for such restoration, repair or rehabilitation of the Express Lanes or that are in excess of the amount needed for such restoration, repair or rehabilitation of the Express Lanes shall be deposited in the Revenue Sharing Fund.

#### SECTION 9. Payment of Principal and Interest.

(a) The Borrower agrees to pay the interest on the Bond Loan by making payments for accrued interest on each Interest Payment Date and on such other dates as payment thereof is required to be made hereunder, from Net Revenue and such other amounts as provided herein. Any interest that increases the Bond Loan Balance due to lack of sufficient funding from Net Revenue as contemplated by Section 7(a)(i) shall not be deemed a required payment of interest under this Agreement or a breach of this Agreement. The Borrower agrees to pay the principal of the Bond Loan by paying the Bond Loan Balance in full on the Final Maturity Date and on such other dates as payment thereof is required to be made hereunder, from Net Revenue and such other amounts as provided herein.

(b) Payments to the Lender under this Agreement shall be made by wire transfer on or before each Interest Payment Date or Final Maturity Date, as the case may be, in immediately available funds in accordance with payment instructions provided by a Lender's Authorized Representative pursuant to Section 24, as modified in writing from time to time by a Lender's Authorized Representative.

SECTION 10. Prepayment.

(a) Optional Prepayment. The Borrower may optionally prepay the Bond Loan in whole or in part on any Bond Loan Prepayment Date on or after the Effective Date, without penalty or premium, by depositing in advance as instructed by the Lender such principal amount of the Bond Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment so as to exhaust the deposit and providing written notice of such deposit to the Lender.

Each optional prepayment of the Bond Loan shall be deemed made on the related Bond Loan Prepayment Date, and the Lender shall notify the Borrower of the amount of the Bond Loan Balance that was reduced due to such prepayment.

(b) Mandatory Prepayment. The Borrower shall prepay the Bond Loan on the Bond Loan Prepayment Date next following each deposit into the Bond Loan Retirement Account, by paying a principal amount of the Bond Loan, together with the unpaid interest accrued on the amount of principal to be prepaid to the date of such prepayment so as to exhaust the deposit made to the Bond Loan Retirement Account. The Borrower shall provide the Lender written notice of each mandatory prepayment made pursuant to this Section 10(b) on the date of the corresponding deposit to the Bond Loan Retirement Account. Each mandatory prepayment of the Bond Loan shall be deemed made on the related Bond Loan Prepayment Date, and the Lender shall notify the Borrower of the amount of the Bond Loan Balance that was reduced due to such prepayment.

SECTION 11. Compliance with Laws. The Borrower covenants to require its contractors and subcontractors to abide by all applicable federal and State laws.

SECTION 12. Conditions Precedent. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent shall have been satisfied:

(a) The Borrower shall have duly executed and delivered to the Lender this Agreement and the Note, in each case in form and substance satisfactory to the Lender.

(b) Counsel to the Borrower shall have rendered to the Lender a legal opinion in form and substance satisfactory to the Lender.

(c) The Borrower shall have delivered to the Lender a certificate designating the Borrower's Authorized Representative and such person's position and incumbency.

(d) [The Borrower shall have delivered to the Lender: (i) certificates of insurance evidencing any applicable commercial coverage required by Section 15(g) and (ii) a closing certificate confirming self-insurance required by Section 15(g).

(e) The Borrower shall certify in writing that as of the Effective Date: (i) no Event of Default currently exists (or with the passage of time, will exist) of the Agreement; and (ii) the representations and warranties of the Borrower set forth in the Agreement are true and correct in all material respects on such date, as if made on such date.

(f) The Borrower shall have delivered copies of the Operating Loan Agreement (C/CAG) and Operating Loan Agreement (Lender), certified to be true and correct copies by a Borrower officer.

(g) The Borrower shall also have delivered such other agreements, documents, instruments, opinions and other items required by the Lender, all in form and substance satisfactory to the Lender.

SECTION 13. Representations and Warranties of Borrower. The Borrower hereby represents and warrants as of the Effective Date as follows:

(a) The Borrower is a joint powers authority existing under the laws of the State, duly organized, validly existing and in good standing under the laws of the State, has full legal right, power and authority to enter into the Loan Documents and to carry out and consummate all transactions contemplated by hereby and thereby and has duly authorized the execution, delivery and performance of such Loan Documents.

(b) As of the Effective Date, the officers of the Borrower executing the Loan Documents currently in existence to which the Borrower is a party, are duly and properly in office and fully authorized to execute the same.

(c) Each of the Loan Documents has been duly authorized, executed and delivered by the Borrower and constitutes the legal, valid and binding agreement of the Borrower enforceable in accordance with its terms, except as such enforceability (A) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (B) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law), judicial discretion and limitations on remedies against transportation commissions in the State.

(d) The execution and delivery of the Loan Documents, the consummation of the transactions contemplated in the Loan Documents and the fulfillment of or compliance with the terms and conditions of the Loan Documents will not, in any material respect, conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) by the Borrower of any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower.

(e) No consent or approval of any holder of any indebtedness of the Borrower or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority required as of the date hereof is necessary in connection with the execution and delivery by the Borrower of the Loan Documents, the consummation of any transaction contemplated by the Loan Documents, or the fulfillment of or compliance with the Borrower of the terms and conditions of the Loan Documents, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court or other Governmental Authority, pending, or to the knowledge of the Borrower after reasonable inquiry and investigation, threatened against or affecting the Borrower or the assets, properties or operations of the Borrower that is likely to have a Material Adverse Effect. The Borrower is not in default (and no event has occurred and is continuing that with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any other Governmental Authority, which default would be reasonably likely to have a Material Adverse Effect.

(g) The Lien is in full force and effect and is not subordinate or junior to any other Liens in respect of the Collateral, and the Borrower is not in breach of any covenants set forth in Section 15(b) of this Agreement with respect thereto. This Agreement creates a valid pledge in favor of the Lender of the Net Revenue and, as of the Effective Date, all necessary actions on the part of the Borrower and the Lender have been taken as required to pledge the Net Revenue in favor of the Lender. As of the Effective Date, the Borrower has not pledged or granted a lien, security interest or other encumbrance of any kind on the Net Revenue on a parity with the Note.

(h) The representations, warranties and certifications of the Borrower set forth in this Agreement are true and accurate.

(i) Upon execution and delivery of this Agreement, the Borrower is not in default in any material respect under the terms hereof or thereof and no event has occurred or condition exists that, with due notice or lapse of time or both, would constitute an Event of Default.

(j) Reserved.

(k) As of the Effective Date, the Borrower has no knowledge that it has made any material investment, or entered into any agreement for the purpose of effecting any such investment, that is not permitted to be made pursuant to applicable law or this Agreement.

(l) No representation, warranty or other statement made by the Borrower with respect to the Net Revenue in or pursuant to this Agreement or any Loan Document or any other document or financial statement with respect to the Express Lanes Revenues provided by the Borrower to the Lender in connection with this Agreement or any other Loan Document, except as disclosed to the Lender in writing, contains any untrue statement of a material fact. All information, reports and other papers and data with respect to the Net Revenue furnished to the Lender were, at the time the same were so furnished, accurate in all material respects or were replaced with accurate information. Any financial statements and cash flows furnished to the Lender with respect to the Net Revenue were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of the delivery of such financial statements and cash flows. No fact is known to the Borrower that in the future may (so far as it can reasonably foresee) materially and adversely affect the security for the Note, or the Borrower's ability to repay when due its obligations under this Agreement or the Note.

(m) The Borrower is not entitled to immunity from legal proceedings to enforce this Agreement or any other Loan Document (including, without limitation, immunity from service

of process or immunity from jurisdiction of any court otherwise having jurisdiction) and is subject to claims and suits for damages in connection with its obligations under the Agreement pursuant to and in accordance with the laws of the State applicable to public entities such as the Borrower.

(n) To the best knowledge of the Borrower, there is no amendment, or proposed amendment certified for placement on a statewide ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the State legislature, the effect of which (a) would be materially adversely affect the ability of the Borrower to perform its obligations under this Agreement or any of the other Loan Documents or (b) would invalidate, eliminate or reduce the Express Lanes Revenues.

SECTION 14. Representations, Warranties, and Covenants of Lender. The Lender represents and warrants that:

(a) The Lender has all requisite power and authority to make the Bond Loan and to perform all transactions contemplated by the Loan Documents to which it is a party.

(b) The Loan Documents to which the Lender is a party have been duly authorized, executed and delivered by Lender, and are legally valid and binding agreements of the Lender, enforceable in accordance with their terms.

(c) The officers of the Lender executing each of the Loan Documents to which the Lender is a party is duly and properly in office and fully authorized to execute the same on behalf of the Lender.

SECTION 15. Borrower Covenants. The Borrower hereby covenants and agrees that:

(a) Permitted Indebtedness. Except for Permitted Debt, the Borrower shall not issue or incur indebtedness of any kind payable from the Collateral, unless upon such issuance or incurrence the obligations of the Borrower under the Bond Loan and the Operating Loan (Lender) are discharged in full.

(b) Securing the Lien. The Borrower shall at any and all times, so far as it may be authorized by law, adopt, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, securing and confirming the Lien on the Collateral granted for the benefit of the Lender under this Agreement. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Lien granted pursuant to this Agreement to the Lender against all claims and demands of all Persons whomsoever.

(c) Copies of Documents. The Borrower shall furnish to the Lender a copy of any offering document and cash flow projections prepared in connection with the incurrence of any Permitted Debt, as well as copies of any continuing disclosure documents pertaining to obligations, prepared or filed in connection with the applicable rules of the U.S. Securities and Exchange Commission, in each case promptly following the preparation or filing thereof.

(d) Other Sources Permitted. Notwithstanding any provision to the contrary in this Agreement, the Borrower may, in accordance with applicable laws, construct, reconstruct, rehabilitate, improve, acquire, lease, operate, or maintain, or any combination of these, both tolled and non-tolled facilities, structures, onramps, connector roads, bridges, and roadways that are on, necessary for, or related to the construction or operation of the 101 Project and the Express Lanes using any funds legally available therefore, including, without limitation and as applicable, proceeds of federal, State and local grants, loans and matching funds. Notwithstanding any other provision of this Agreement, the United States of America, the State or any of their respective agencies, departments or political subdivisions may construct, reconstruct, rehabilitate, improve, acquire, lease, operate, maintain, or any combination of these, both tolled and non-tolled facilities, structures, onramps, connector roads, bridges, and roadways related to or competing with the Express Lanes or to pay for all or any part of the cost thereof. The Borrower has no power or authority to grant, permit, prohibit, prevent or interfere with any such actions.

(e) Reserved.

(f) Operations and Maintenance. Borrower shall operate and maintain the Express Lanes in a reasonable and prudent manner and shall maintain the Express Lanes in good repair, working order and condition and shall from time-to-time make or cause to be made all necessary and proper replacements, repairs, renewals and improvements so that the Express Lanes shall not be materially impaired. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises and authorizations material to the conduct of its business, and comply in all material respects with all applicable laws, rules, regulations, orders, decrees, judgments or administrative decisions, whether now in effect or hereafter enacted, of any Governmental Authority having jurisdiction over the Borrower or its assets or operations and all other federal, state and local laws, rules, regulations, orders, decrees, judgments and administrative decisions relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters).

(g) Insurance. [The Borrower shall at all times maintain, or cause to be maintained, insurance, which may include self-insurance, with respect to the Express Lanes and the 101 Project (including insurance required to be obtained by the contractor(s) during the construction period of the 101 Project), against accident to, loss of or damage to the Express Lanes, with responsible insurance and/or reinsurance companies authorized and qualified to do business in the State and to assume the risks thereof consistent with insurance requirements of agreements entered into by the Borrower in connection with the design, construction, operation and maintenance of the Express Lanes, with the Lender listed as an additional insured, as applicable.]

(h) Notice. The Borrower shall, within five (5) Business Days after the Borrower learns of the occurrence of an Event of Default or any event that, given notice or the passage of time or both, would constitute an Event of Default, give the Lender written notice of such event.

(i) Remedied Action. Within thirty (30) calendar days after the Borrower learns of the occurrence of an Event of Default or any event that, given notice or the passage of

time or both, would constitute an Event of Default, the Borrower's Authorized Representative shall provide a statement setting forth the actions the Borrower proposes to take with respect thereto.

(j) No Lien Extinguishment or Adverse Amendments. Borrower shall not, without the prior written consent of the Lender, extinguish the lien on the Collateral.

(k) Maintenance of Existence and Powers. To the fullest extent permitted by law, the Borrower shall maintain its legal existence. The Borrower covenants that it will at all times use its best efforts to maintain the powers, rights, functions, duties and obligations now reposed on it pursuant to all laws and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the Obligations or the performance or observance of any of the covenants contained in this Agreement.

(l) Express Lanes Operator. The Borrower shall at all times use its best efforts to maintain an Express Lanes Operator. The Borrower shall provide timely written notice of any successor Express Lanes Operator to the Lender.

(m) Annual Operating Budget. The Borrower hereby covenants to provide to the Lender, on or prior to June 30 of each year, an annual operating budget for the Express Lanes for the coming Fiscal Year, specifying budgeted operating revenues, operation and maintenance expenses, renewals and replacements and other capital expenses and extraordinary expenses for such Fiscal Year.

(n) No Prohibited Sale or Assignment. The Borrower shall not sell or assign all or substantially all of its rights in and to the Express Lanes without the written consent of the Lender and shall not sell or assign its rights and obligations under this Agreement unless such sale or assignment is not expected to result in a Material Adverse Effect and is upon terms and conditions approved in writing by the Lender in its sole discretion.

(o) Material Obligations. The Borrower will pay its material obligations promptly and in accordance with their terms and pay and discharge promptly all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful and material claims for labor, materials and supplies or other claims that, if unpaid, might give rise to a Lien upon such properties or any part thereof, except Permitted Liens; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall, to the extent required GAAP on a consistent basis, set aside on its books adequate reserves with respect thereto.

(p) Fiscal Year. The Borrower will not at any time adopt any Fiscal Year other than the Fiscal Year, except upon written notice to the Lender.

(q) No Prohibited Business. The Borrower will not at any time engage in any business or activity other than as is authorized or not prohibited by the laws of the State.

(r) No Swaps. The Borrower shall not enter into any interest rate swap agreements that are to be paid from Revenue without the prior written consent of the Lender.

(s) Reserved.

(t) Compliance With Law. The Borrower shall comply with all laws, rules and regulations (including all Environmental Laws), and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided, however, that the Borrower may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the Borrower's power and authority to execute and deliver this Agreement or any other Loan Documents to which it is a party, to perform its obligations and to pay all amounts payable by it hereunder, under the Note and under the other Loan Documents.

(u) Accounting Method. The Borrower shall not materially change its method of accounting relating to Revenue, or the times of commencement or termination of Fiscal Years or other accounting periods relating to Revenue without first disclosing in writing such change to the Lender.

(v) Tax Covenants. The Borrower shall comply with all of its obligations under the Tax Certificate.

(w) Reporting Requirements. The Borrower shall provide the Lender:

(1) Within nine (9) months after the Borrower's Fiscal Year (1) a copy of the Borrower's audited financial statements, (2) an update of the Revenue and Net Revenue for the immediately prior Fiscal Year, and (3) an updated forecast of Revenue and Net Revenue for next succeeding Fiscal Year.

(2) Within fifteen (15) days after each calendar quarter, the unaudited operating results for the Express Lanes for the immediately preceding calendar quarter.

(3) The Borrower shall submit (A) no later than fifteen (15) calendar days prior to the commencement of each biennial period for which an Operating Budget will be adopted, an operating plan and a proposed budget and (B) as soon as possible, the adopted Operating Budget and any amendments thereto.

(4) Such additional information as the Lender may from time to time reasonably request.

SECTION 16. Indemnification. To the extent authorized by law, the Borrower shall indemnify the Lender and any official, employee, agent or representative of the Lender (each such Person being herein referred to as an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including, without limitation, the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution, delivery and performance of this Agreement or any of the Loan Documents, (ii) the Bond Loan or the use of the proceeds thereof, or (iii) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release



of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the 101 Project or any other project funded with Lender Bond proceeds or Express Lanes Revenues; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, the Borrower upon notice from such Indemnitee shall defend the same and such Indemnitee shall cooperate with the Borrower at the expense of the Borrower in connection therewith. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. All amounts due to any Indemnitee under this Section shall be payable promptly upon demand therefor. The obligations of the Borrower under this Section shall survive the payment or prepayment in full or transfer of the Bond Loan, the enforcement of any provision of the Loan Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower hereunder.

SECTION 17. Events of Default and Remedies.

(a) An Event of Default shall exist under this Agreement if:

(i) Payment Default. The Borrower shall fail to pay when due (A) upon mandatory prepayment (from available funds contemplated hereby) or at maturity, any principal of the Bond Loan; (B) any required payment of interest on the Bond Loan (subject to Section 9(a)); (C) any required payment of the Enhancement Cost Component (subject to Section 6(b)); (D) any required payment of the Lender Bonds Cost Component (subject to Section 6(c)); (E) principal of or interest on either Operating Loan when due thereunder and subject to the terms thereof (each such failure a “Payment Default”);

(ii) Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement (other than a Payment Default), and such failure shall not be cured sixty (60) days after receipt by the Borrower from the Lender of written notice thereof; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such 60-day period, then no Event of Default shall be deemed to have occurred or be continuing under this clause (ii) if and so long as within such 60-day period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions; provided, however, that no such extension shall be for a period in excess of 90 days;

(iii) Bankruptcy. The Borrower files a petition in voluntary bankruptcy for the composition of its affairs or for its reorganization under any State or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(iv) Insolvency. If a court of competent jurisdiction shall enter an order, judgment or decree declaring the Borrower insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Borrower, or approving a petition filed against the Borrower seeking reorganization of the Borrower under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of the entry thereof;

(v) Involuntary Control. If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Borrower or of the Revenue, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control;

(vi) Judgments. One or more final, unappealable judgment(s) against the Borrower for the payment of money, which judgment(s) is payable from or enforceable pursuant to a lien upon, or an attachment against, any or all of the Revenue, the operation or result of which judgment(s), individually or in the aggregate, equal or exceed \$1,000,000 and which judgment(s) shall remain unpaid, undischarged, unbonded or undismissed for a period of sixty (60) days;

(vii) (A) The Borrower, pursuant to official action on the part of its governing body, contests in an administrative or judicial proceeding, repudiates or otherwise denies (including, without limitation, authorizing the filing of a claim to such effect in an administrative or judicial proceeding) that it has any further liability or obligation under or with respect to any provision of this Agreement or the Note relating to (1) the ability or the obligation of the Borrower to pay, when due, the principal of or interest on the Note or (2) the Revenue securing the Note; or (B) the Borrower, pursuant to official action on the part of its governing body, contests in an administrative or judicial proceeding, repudiates or otherwise denies (including, without limitation, authorizing the filing of a claim to such effect in an administrative or judicial proceeding) the legality, validity or enforceability of any provision of this Agreement, the Note relating to (1) the ability or the obligation of the Borrower to pay, when due, the principal of or interest on the Note or (2) the Revenue securing the Note; or (C) any provision of this Agreement, or the Note relating to (1) the ability or the obligation of the Borrower to pay, when due, the principal of or interest due hereunder or (2) the Revenue securing the Note shall, at any time, and for any reason, cease to be valid and binding on the Borrower, or shall be declared to be null and void, invalid or unenforceable, in each case, as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any Governmental Authority having jurisdiction over the Borrower; or (D) a debt moratorium or comparable extraordinary restriction by any Governmental Authority having jurisdiction over the Borrower on repayment of principal or interest on any debt shall have been declared or imposed (whether or not in writing) with respect to the Note;

(b) Whenever any Event of Default hereunder shall have occurred and be continuing, the Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid hereunder, and may prosecute any such judgment or final decree against the Borrower including confession of judgment by the Borrower against the Borrower and collect in the manner provided by law the moneys adjudged or decreed to be payable from the Collateral, and the Lender may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by Borrower under

this Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or the other Loan Documents. No action taken pursuant to this Section shall relieve Borrower from its obligations pursuant to this Agreement or the other Loan Documents, all of which shall survive any such action.

If an Event of Default shall occur and be continuing under this Agreement, the Bond Loan Interest Rate shall be the Default Rate. Upon the occurrence of [any] Event of Default, the Lender may declare all amounts payable to it under the Loan Documents to be immediately due and payable, and the Lender shall have all remedies provided at law or equity, including, without limitation, specific performance, and the Collateral shall be applied as follows and in the following order:

(1) first, to the payment of all fees, costs and other expenses, (including the reasonable fees, costs and expenses of counsel and actual fees, costs and expenses due and payable by the Borrower), and then to the pro rata payment of all costs and other expenses (including the reasonable fees, costs and expenses of counsel) owed to the Lender under this Agreement and the Operating Loan Agreement (Lender) (in each case to the extent not previously satisfied);

(2) second, to the payment of Operation and Maintenance Expenses;

(3) third, to the payment pro rata of (1) all accrued and unpaid interest and principal under the Operating Loan Agreement (C/CAG), in the order of the accrual thereof, and (2) all accrued and unpaid interest and principal under the Operating Loan Agreement (Lender), in the order of the accrual thereof; and

(4) fourth, to payment of all accrued and unpaid interest and principal under the Loan Documents, in the order of the accrual thereof.

SECTION 18. Remedies Not Exclusive. No remedy conferred herein or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 19. Delay or Omission Not Waiver. No delay or omission of the Lender to exercise any right or remedy provided hereunder upon a default of the Borrower (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this Agreement or by law to the Lender may be exercised from time-to-time, and as often as may be deemed expedient by the Lender.

SECTION 20. Defeasance. The Borrower may cause the defeasance of the Bond Loan at any time; provided, there is delivered to the Lender (i) an escrow deposit agreement or instructions in connection with the deposit of sufficient Defeasance Obligations for such defeasance and (ii) an opinion of nationally recognized bond counsel to the effect that the Bond Loan will no longer be Outstanding under the terms of this Agreement.

SECTION 21. No Personal Recourse. No official, employee or agent of the Lender or the Borrower or any Person executing this Agreement or any of the other Loan Documents shall be personally liable on this Agreement or such other Loan Documents by reason of the issuance, delivery or execution hereof or thereof, provided that nothing in this Section shall be construed to relieve the Borrower from any liability it may incur under this Agreement or any of the other Loan Document.

SECTION 22. No Third Party Rights. The parties hereby agree that this Agreement creates no third party rights against the Lender, solely by virtue of the Bond Loan, and that no third party creditor or creditors of the Borrower shall have any right against the Lender with respect to the Bond Loan made pursuant to this Agreement.

SECTION 23. Borrower's Authorized Representative. The Borrower shall at all times have appointed a Borrower's Authorized Representative by designating such Person or Persons from time-to-time to act on the Borrower's behalf pursuant to a written certificate furnished to the Lender.

SECTION 24. Lender's Authorized Representative. The Lender shall at all times have appointed a Lender's Authorized Representative by designating such Person or Persons from time-to-time to act on the Lender's behalf pursuant to a written certificate furnished to the Borrower, containing the specimen signature or signatures of such Person or Persons and signed by the Lender.

SECTION 25. Servicer. The Lender may from time-to-time designate an entity or entities to perform, or assist the Lender in performing, specified duties of the Lender under this Agreement. The Lender shall give the Borrower written notice of the appointment of any Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the Lender shall be deemed to be a reference to the Servicer with respect to any duties which the Lender shall have delegated to such Servicer. The Lender may at any time assume the duties of any Servicer under this Agreement.

SECTION 26. Fees and Expenses.

(a) The Lender and Borrower acknowledge that certain expenses related to this Agreement shall be paid by requisitions from the [Costs of Issuance Account] under the Bond Indenture.

(b) The Borrower agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the Lender on demand from time-to-time on and after the date hereof for any and all fees, costs, charges and expenses incurred by it (including the reasonable fees, costs and expenses of counsel and other advisors) in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the other Loan Documents and the transactions hereby and thereby contemplated, including without limitation, reasonable attorneys', engineers', and planning fees and professional costs, including all such fees, costs and expenses incurred as a result of or in connection with:

(i) the enforcement of or attempt to enforce any provision of this Agreement or any of the other Loan Documents;

(ii) any amendment or requested amendment of, or waiver or consent or requested waiver or consent under or with respect to, this Agreement or any of the other Loan Documents, or advice in connection with the administration of this Agreement or any of the other Loan Documents or the rights of the Lender thereunder; and

(iii) any work-out, restructuring or similar arrangement of the obligations of the Borrower under this Agreement or the other Loan Documents during the pendency of one or more Events of Default.

(c) The obligations of the Borrower under this Section shall survive the payment or prepayment in full or transfer of the Bond Loan, the enforcement of any provision of this Agreement or the other Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring or similar arrangement.

SECTION 27. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Agreement shall in any event be effective without the written consent of each of the parties hereto.

SECTION 28. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 29. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 30. Successors and Assigns; Third-Party Beneficiary. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns, except that C/CAG shall be a third party beneficiary of Section 8 and Section 17(b) hereof. Neither the Borrower's rights or obligations hereunder nor any interest therein may be assigned or delegated by the Borrower without the prior written consent of the Lender.

SECTION 31. Lender Pledges and Assignments. The Lender may at any time pledge or grant a security interest in all or any portion of its rights or interests hereunder and under the, this Agreement and/or the Loan Documents to secure obligations of the Lender or an Affiliate of the Lender; provided that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

SECTION 32. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

SECTION 33. Notices; Payment Instructions. Notices hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, or by other delivery service providing evidence of receipt to:

If to the Lender: San Mateo County Transportation Authority  
Attention: [\_\_\_\_]  
Telephone: [\_\_\_\_]  
E-mail: [\_\_\_\_]

For Payment –

Currency: USD  
Receiving Bank: [\_\_\_\_]  
ABA #: [\_\_\_\_]  
Acct. Name: [\_\_\_\_]  
Acct. #: [\_\_\_\_]  
Beneficiary Info: [\_\_\_\_]

Attention: [\_\_\_\_]

If to the Borrower: San Mateo County Express Lanes Joint Powers Authority  
[\_\_\_\_]  
Attention: [\_\_\_\_]  
Telephone: [\_\_\_\_]  
E-mail: [\_\_\_\_]

Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time-to-time by a Borrower's Authorized Representative with respect to notices to the Borrower or by a Lender's Authorized Representative with respect to notices to the Lender or the Servicer. The Borrower shall make any payments hereunder in accordance with the payment instructions hereafter provided by a Lender's Authorized Representative, as modified from time-to-time by a Lender's Authorized Representative.

SECTION 34. Effectiveness. This Agreement shall be effective on the Effective Date.

SECTION 35. Termination. This Agreement shall terminate upon payment in full by the Borrower of the Bond Loan, except such provisions that expressly provide for survival of termination.

SECTION 36. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Lender, regardless of any investigation made by the Lender or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Event of Default at the time of entering into this Agreement, and shall continue in full force and effect as long as any obligation hereunder shall remain unpaid or unsatisfied.



**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**SAN MATEO COUNTY EXPRESS LANES JOINT  
POWERS AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

**SAN MATEO COUNTY TRANSPORTATION  
AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:



**EXHIBIT A**  
**FORM OF NOTE**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION.

**SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY**  
**NONREVOLVING NOTE**

DATED DATE: \_\_\_\_\_, 2020

For value received, the SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY (with its successors, the “*Borrower*”) hereby promises to pay to the order of San Mateo County Transportation Authority, and its successors and assigns, as their respective interests may appear (the “*Lender*”) located at [\_\_\_\_\_], the aggregate unpaid principal amount of the Bond Loan made by the Lender pursuant to the Loan Agreement, dated July \_\_, 2020 (together with any amendments or supplements thereto, the “*Agreement*”), by and between the Borrower and the Lender, plus interest thereon, on the dates, in the amounts and in the manner provided for in the Agreement.

The unpaid principal amount of the Bond Loan from time to time outstanding shall bear interest at the rate or rates and be payable as provided in and calculated in the manner set forth in the Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America.

This Note evidences indebtedness and is subject to the terms and provisions of, the Agreement to which reference is hereby made for a statement of said terms and provisions, including those under which this Note may be paid or become due prior to its due date. This Note is the Note referred to in the Agreement and is entitled to the benefits thereof and of the Loan Documents referred to therein. This Note is subject to prepayment, in whole or in part, in accordance with the terms of the Agreement. Reference is hereby made to the Agreement for a description of the terms on which this Note is issued, all of which are hereby incorporated herein and constitute a contract between the Borrower and the holder of this Note, and by acceptance hereof the holder of this Note assents to said terms and conditions.

This Note is secured by the Collateral as set forth in the Agreement. No other revenues or property of the Borrower, except as specified in the Agreement, is pledged as security or available to pay principal of or interest on this Note.

Neither the full faith and credit nor the taxing power of the State of California or any political subdivision thereof is pledged to the payment of principal of, or the interest on, this Note.

This Note is made under the laws of the State of California, and for all purposes shall be governed by and construed in accordance with the laws of said State, without regard to principles of conflicts of law. Capitalized terms not otherwise defined herein have the meaning set forth in this Agreement.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Agreement precedent to and in the issuance of this Note, exist, have happened and have been performed.

The Borrower hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all other notices and demands whatsoever.

IN WITNESS WHEREOF, the SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY has caused this Note to be signed by its [\_\_\_\_\_] as of the Dated Date specified above.

**SAN MATEO COUNTY EXPRESS LANES JOINT  
POWERS AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

---

Please insert Social Security or  
Taxpayer Identification Number of Transferee

---

/\_\_\_\_\_/

---

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

---

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:\_\_\_\_\_

Signature Guaranteed:

---

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

---

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change

**EXHIBIT B**

**PRO FORMA BOND LOAN PRINCIPAL SCHEDULE**

<b><u>Period Ending [_____] 1,</u></b>	<b><u>Principal Amount</u></b>
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[To be filled in upon final sizing of the Bond Loan and to reflect 20 years of level scheduled principal.]

FIRST AMENDMENT TO COOPERATIVE FUNDING AGREEMENT BETWEEN  
THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY AND  
THE SAN MATEO COUNTY TRANSPORTATION AUTHORITY

This First Amendment is entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the San Mateo County Express Lanes Joint Powers Authority (“JPA”) and the San Mateo County Transportation Authority (“Authority”), both California public agencies (each a “Party,”; and collectively, the “Parties”).

RECITALS

A. The JPA was formed to exercise joint rights of (i) the Authority and (ii) the City/County Association of Governments of San Mateo County (C/CAG) to own, administer and manage the San Mateo County 101 Express Lanes Project (the “Project”).

B. The Parties, on December 18, 2019, entered into a Cooperative Funding Agreement (the “Original Agreement”) for the Authority to fund one half of the JPA’s Fiscal Year 2019-2020 budget, with the understanding that the Authority would be repaid under the terms of such Original Agreement.

C. The Parties, on this date, are entering into a Loan Agreement (the “Loan Agreement”), in connection with funding the Project.

D. The Parties want to amend the Original Agreement in connection with the execution and delivery of the Loan Agreement and to provide for additional loan advances by the Authority for up to a maximum amount of \$1,270,463.02, to support a portion of the JPA’s Fiscal Year 2020-21 budget, with a separate portion (\$917,243.49) to be loaned to the JPA by C/CAG.

IN WITNESS WHEREOF, this First Amendment has been executed and delivered by the parties hereto on the date first above written.

1. Amendments.

(a) There is added to the end of Section 1.A. of the Original Agreement the new paragraph below:

The Authority agrees to loan to the JPA, and the JPA agrees to accept, up to One Million Two Hundred Seventy Thousand Four Hundred Sixty-Three Dollars and Two Cents (US \$1,270,463.02) to fund a portion of the JPA’s Fiscal Year 2020-2021 expenses, consistent with budgeted commitments in the JPA’s Fiscal Year 2020-2021 Budget. The loan under this paragraph shall be in addition to the loan under the first paragraph under this Section 1.A., and together they shall comprise the “Loan Amount,” notwithstanding the definition of such term above.

(b) The first sentence of Section 1.C. of the Original Agreement is deleted and replaced with the following:

Thereafter through July 31, 2020, the JPA can request, no more than once each month, additional installments of the portion of the Loan Amount described in the first paragraph of Section 1.A. Through July 31, 2021, the JPA can request, no more than once each month, additional installments of the portion of the Loan Amount described in the second paragraph of Section 1.A. Each such additional installment is an "Advance Request." The JPA shall adjust the Advance Request form in Exhibit A to reflect the loan proportions to be made by the Authority and the C/CAG for fiscal year 2020-2021.

(c) Section 2 of the Original Agreement is amended to include a revised subsection B and new subsections E and F as follows:

B. The Parties agree that repayment of the Loan Balance will be subordinated to (1) the operations and maintenance costs for the Project and the JPA and (2) repayment of interest on the Capital Loan (which amount may differ from that previously authorized), unless the repayment schedule is modified pursuant to a subsequent and separate Loan Agreement for the US-101 Express Lanes Project between the JPA and the Authority.

Repayment of all three loans (the Capital Loan, Authority Operating Loan, and C/CAG Operating Loan) will be repaid proportionally, on a parity basis, once the Project begins operations.

E. The JPA may prepay the Loan Amount on any Business Day with one Business Day's written notice, as contemplated by the Loan Agreement dated July \_\_\_\_, 2020 (the "Loan Agreement"), between the Parties, and otherwise as the Parties may agree. For each prepayment under Section 10 of the Loan Agreement, the Authority will notify the Borrower of the allocation of such prepayment as between principal and interest.

F. The Authority shall prepare, revise and maintain a schedule indicating the outstanding Loan Amount through final maturity as calculated from time to time under subsection A of this Section. Upon each revision to the schedule and upon request of the Borrower or its fiscal agent, if any, the Authority shall provide a copy of the then-current schedule to the JPA and its fiscal agent as contemplated by the Loan Agreement.

2. No Other Amendments. Except as expressly amended hereby, the Original Agreement remains in full force and effect.

3. Counterparts. This First Amendment may be executed simultaneously or in counterparts, each of which is to be deemed to be an original, but all of which shall constitute one and the same First Amendment.

4. Warranty of Authority to Execute Agreement. Each Party to this First Amendment represents and warrants that each person whose signature appears hereon has been duly authorized and has the full authority to execute this First Amendment on behalf of the entity that is a Party to this First Amendment.

SAN MATEO COUNTY EXPRESS  
LANES JOINT POWERS AUTHORITY

SAN MATEO COUNTY  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTESTED BY:

ATTESTED BY:

By: \_\_\_\_\_  
JPA Secretary

By: \_\_\_\_\_  
Authority Secretary

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Attorney for the JPA

By: \_\_\_\_\_  
Attorney for the Authority

Date: \_\_\_\_\_

Date: \_\_\_\_\_