



## **A G E N D A**

### **Sacramento Transportation Authority Sacramento Abandoned Vehicle Service Authority (SAVSA)**

700 H Street, Suite 1450 • Sacramento, California • 95814  
(Board of Directors may participate via teleconference)

**Thursday**

**AUGUST 10, 2023**

**1:30 PM**

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Members: Rich Desmond (Chair), Sue Frost, Eric Guerra (Vice Chair), Patrick Hume, Jayna Karpinski-Costa, Patrick Kennedy, Caity Maple, Rosario Rodriguez, Paul Sandhu, Phil Serna, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes, Donald Terry, Katie Valenzuela, Mai Vang

Alternates: Bret Daniels, Shawn Farmer, Mike Kozlowski, Siri Pulipati, Darren Suen, Nick Avdis

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The Governing Boards of the Sacramento Transportation Authority (STA) and the Sacramento Abandoned Vehicle Service Authority (SAVSA) meet concurrently.

### **PUBLIC COMMENT PROCEDURES**

#### In-Person Public Comment

Speakers will be required to complete and submit a speaker request form to Clerk staff. The Chairperson will invite each individual to the podium to make a verbal comment.

#### Telephonic Public Comment

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Sacramento Transportation Authority  
Sacramento Abandoned Vehicle Service Authority

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comment. Each agenda item queue will remain open until the public comment period is closed for that specific item.

## Written Comment

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## **VIEW MEETING**

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## **MEETING MATERIAL**

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## **ACCOMMODATIONS**

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CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE

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## COMMENT ITEMS

1. Comments From The Public Regarding Matters Not On The Agenda
2. Executive Director's Report Kevin M. Bewsey

## CONSENT ITEMS

3. Approve Action Summary For June 16, 2023 Sacramento Transportation Authority (STA) Governing Board Meeting ◀ Jennifer Doll
4. Receive And File SacMetro Freeway Service Patrol Status Report — Fourth Quarter Fiscal Year 2022-23 ◀ Jennifer Doll
5. Approve The Sacramento Transportation Authority Pay Rate Schedule ◀ Kevin M. Bewsey
6. Authorize The Executive Director To Sign A Three-Year Capital Allocation and Expenditure Contract With The Capital Southeast Connector Joint Powers Authority ◀ Kevin M. Bewsey

## SEPARATE ITEMS

7. Approve Refunding Of The 2009C, 2014A, And 2015A Series Bonds And Debt Policy Update And Related Matters ◀ Dustin Purinton  
(Continued From June 16, 2023; Item No. 11)

*Continued on back side ☞*

# AGENDA

Sacramento Transportation Authority  
Sacramento Abandoned Vehicle Service Authority

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|-----|--|-----------------|
| 8.  | Adopt Resolution Delegating Authority To The Executive Director To Execute Agreements With Federal, State, Or Regional Agencies In Order To Receive Or Disperse Federal Or State Grant Funds On Behalf Of The Sacramento Transportation Authority Partner Agencies ◀ | Kevin M. Bewsey |
| 9.  | Receive Information On The Activities Of The Future Transportation Funding Subcommittee And Related Efforts  | Kevin M. Bewsey |
| 10. | Comments Of Authority Members  | All             |

## CLOSED SESSION

11. California Government Code Sec. 54957.1(b)  
STA PERSONNEL MATTERS  
Title: Employee Performance Evaluation

◀ *Denotes items that require Board action*

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Staff reports and associated materials are available online at [www.sacta.org](http://www.sacta.org). For assistance with agenda packets, please contact STA at (916) 323-0080 or [info@sacta.org](mailto:info@sacta.org). For questions regarding the agenda or any item on the agenda, please contact Kevin M. Bewsey at (916) 323-0080 or [Kevin@sacta.org](mailto:Kevin@sacta.org).

**SACRAMENTO TRANSPORTATION AUTHORITY  
MEETING DATE:**

**THURSDAY, AUGUST 10, 2023**

**NO MATERIAL**

**Comments From The Public Regarding Matters Not On The  
Agenda**



AUGUST 10, 2023

AGENDA ITEM # 2

EXECUTIVE DIRECTOR'S REPORT

Action Requested: Receive and File

Key Staff: Kevin M. Bewsey, Executive Director

**SB1 Funding Round Awards and Measure A Projects**

At the June 28<sup>th</sup>-29<sup>th</sup>, 2023 California Transportation Commission (CTC) meeting the following three Measure A projects received funding as part of the competitive Senate Bill 1 (SB 1) programs:

- \$25 Million, US 50 Gold Line Corridor Enhancement Project,
- \$10 Million, Sacramento I-5 Managed Lanes, &
- \$3 Million, Grant Line Road Safety and Freight Mobility Project

For both the Sacramento I-5 Managed Lanes Project & Grant Line Road Safety and Freight Mobility Project, they were anticipated to receive additional Measure A Capital funding this year as described in STA's Annual Budget. STA staff has requested a meeting on both projects to determine the need for these measure A funds in light of this new state grant funding.

**Ongoing Measure A 5-Year MOU's**

In June of 2023, the STA Governing Board completed an effort started in March to receive presentations from County of Sacramento, all of the Cities, SacRT, Paratransit, and SMAQMD on their use of Measure A funding on an ongoing basis and authorized 5-Year MOU's with these agencies. In total this action will allocate approximately \$740 million in Measure A funding over the next five years. This ongoing funding makes up approximately 80% of Measure A funding. Allocation amounts per agency are listed below for reference:

Sacramento Regional Transit District	\$350,162,000
County of Sacramento	\$142,481,000
City of Sacramento	\$110,968,000
City of Elk Grove	\$38,641,000
City of Folsom	\$19,561,000
City of Rancho Cordova	\$18,660,000
City of Citrus Heights	\$18,108,000
Sacramento Air Quality Management District	\$13,951,000
Paratransit, Inc.	\$12,556,000
City of Galt	\$9,449,000
Sacramento County Regional Parks	\$5,000,000
City of Isleton	\$378,000

### **SACOG 2024-2025 Regional Funding Round Working Groups**

In March, SACOG began the process of updating its competitive regional funding round utilizing two working groups with meetings through August of 2024. The first working group is at the SACOG Board level with Supervisor Desmond representing Sacramento County. The second working group is at the staff level with myself, the Planning Directors and Public Works Directors. Meetings for the staff level working group were initially on a quarterly basis but are now ramping up monthly. I will continue to advocate and assist our partner agencies in this discussion with the intent of ensuring they receive their fair share of federal and state funds. Please note that it is anticipated that a new countywide level of prioritization will be included in the upcoming SACOG funding round. STA has traditionally fulfilled this role in the past. I will continue to provide updates on these discussions.

### **Freeway Service Patrol Upcoming Procurement**

Staff are preparing to issue a Request for Qualifications (RFQ) to tow providers that may be potentially interested in providing roadside assistance and towing services for the SacMetro FSP Program in the Sacramento and Yolo County areas. The purpose of the RFQ is to establish a list of interested companies which meet the desired qualifications established by the STA, Caltrans, and CHP. Staff anticipates presenting the results of the RFQ in the next few months.



AUGUST 10, 2023

AGENDA ITEM # **3**

**APPROVE ACTION SUMMARY: JUNE 16, 2023 STA GOVERNING BOARD MEETING**

Action Requested: Approve

Key Staff: Jennifer Doll, Special Programs Manager

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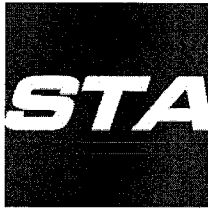
**Recommendation**

Approve the attached Action Summary of the June 16, 2023 meeting of the STA Governing Board.

*Attachment*

1. Action Summary





**ACTION SUMMARY**  
**SACRAMENTO TRANSPORTATION AUTHORITY**  
**SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY**  
**700 "H" STREET - SUITE 1450**  
**SACRAMENTO, CALIFORNIA 95814**

**FRIDAY**

**JUNE 16, 2023**

**1:30 PM**

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Members: Rich Desmond (Chair), Sue Frost, Eric Guerra (Vice Chair), Patrick Hume, Jayna Karpinski-Costa, Patrick Kennedy, Caity Maple, Rosario Rodriguez, Paul Sandhu, Phil Serna, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes, Donald Terry, Katie Valenzuela, Mai Vang

(Directors Desmond, Maple, Serna, Terry, Valenzuela  
and Vang were not present)

Alternates: Bret Daniels, Shawn Farmer, Mike Kozlowski, Siri Pulipati, Darren Suen, Nick Avdis

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### **CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE**

### **COMMENT ITEMS**

#### **1. Comments From The Public Regarding Matters Not On The Agenda**

1:44 PM Board Action: No public comments were made.

## **2. Executive Director's Report**

1:46 PM Board Action: Executive Director Kevin Bewsey provided an update regarding the SB1 Funding Round Awards for the June 28<sup>th</sup>-29<sup>th</sup> California Transportation Commission (CTC). Mr. Bewsey reported that on June 8th, \$38 million was recommend for award for Measure A projects by CTC staff, this includes \$25 million dollar award for the US 50 Gold Line Corridor Enhancement Project, a STA number 1 priority; a \$10 million dollar award for the I-5 Managed Lanes Project, Caltrans asked STA to submit this application on there behalf; a \$3 Million dollar award for the Grant Line Road Safety and Freight Mobility Project; an additional \$83.7 million was also recommended for award for the following projects in Sacramento County: \$50 Million for the Capitol Corridor Regional Transit Improvements Project; and \$33.7 million for the Sacramento County WattEV Innovative Freight Terminal (SWIFT). Mr. Bewsey thanked the Board for their support over the last year and that the Executive Director's performance evaluation will be scheduled at the August 10, 2023 STA meeting.

### **CONSENT ITEMS**

1:49 PM Board Action: Bobbie Singh-Allen/ Rosario Rodriguez - Approved the Consent Matters, Items 3 through 9, as recommended.

AYES: Sue Frost, Eric Guerra, Patrick Hume, Jayna Karpinski-Costa, Patrick Kennedy, Rosario Rodriguez, Paul Sandhu, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes

NOES: (None)

ABSTAIN: (None)

ABSENT: Rich Desmond, Caity Maple, Phil Serna, Donald Terry, Katie Valenzuela, Mai Vang

RECUSAL: (None)

(PER POLITICAL REFORM ACT (§ 18702.5.))

## **3. Approve Action Summary: May 11, 2023 Sacramento Transportation Authority (STA) Governing Board Meeting**

1:49 PM Board Action: Approved as recommended.

## **4. Receive and File Budget To Actual Reports for Fiscal Year-to-Date Through March 31, 2023**

1:49 PM Board Action: Received and filed.

**5. Receive and File Capital Project Status Reports for the Quarter Ending March 31, 2023**

1:49 PM Board Action: Received and filed.

**6. Approve the Sacramento Countywide Transportation Mitigation Fee Program Annual (Fiscal Years 2017-18 / 2018-19 / 2019-20 / 2020-21 / 2021-22) and Five-year Report and Findings (Fiscal Years 2017-18 – 2021-22)**

1:49 PM Board Action: Approved as recommended.

**7. Adopt Resolution Setting An Appropriations Limit for Fiscal Year 2023-24**

1:49 PM Board Action: Approved by Resolution No. **STA 23-0004**.

**8. Approve Setting Employee Benefits and Authorize the Executive Director to Amend the Personnel Rules and Regulations**

1:49 PM Board Action: Approved by Resolution No. **STA 23-0005**.

**9. Authorize the Executive Director to Extend the SacMetro Freeway Service Patrol Contracts for Zones 5 & 6**

1:49 PM Board Action: Approved as recommended.

**SEPARATE ITEMS**

**10. Adopt Sacramento Transportation Authority Final Budget For Fiscal Year 2023-24  
(Continued From May 11, 2023; Item No. 6)**

1:50 PM Board Action: Rosario Rodriguez/ Bobbie Singh-Allen - Closed the public hearing continued from May 11, 2023 and approved the Sacramento Transportation Authority Final Budget for Fiscal Year 2023-24 by Resolution No. **STA 23-0006**.

AYES: Sue Frost, Eric Guerra, Patrick Hume, Jayna Karpinski-Costa, Patrick Kennedy, Rosario Rodriguez, Paul Sandhu, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes

NOES: (None)

ABSTAIN: (None)

ABSENT: Rich Desmond, Caity Maple, Phil Serna, Donald Terry, Katie Valenzuela, Mai Vang

RECUSAL: (None)

(PER POLITICAL REFORM ACT (§ 18702.5.))

**11. Approve Refunding of the 2009C, 2014A, and 2015A Series Bonds and Debt Policy Update and Related Matters**

2:18 PM Board Action: Patrick Hume/ Sue Frost - Continued to August 10, 2023.

AYES: Sue Frost, Eric Guerra, Patrick Hume, Jayna Karpinski-Costa, Patrick Kennedy, Rosario Rodriguez, Paul Sandhu, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes

NOES: (None)

ABSTAIN: (None)

ABSENT: Rich Desmond, Caity Maple, Phil Serna, Donald Terry, Katie Valenzuela, Mai Vang

RECUSAL: (None)

(PER POLITICAL REFORM ACT (§ 18702.5.))

**12. Authorize the Executive Director to execute three-year grant agreements for the Neighborhood Shuttle Cycle 2 with Sacramento Regional Transit District and Paratransit Incorporated and to sign a letter of support for the Areas of Persistent Poverty Program**

1:54 PM Board Action: Jayna Karpinski-Costa/ Patrick Hume - Authorized the Executive Director to sign a three-year grant agreement for the Neighborhood Shuttle Cycle 2 Program with Sacramento Regional Transit District (SACRT) for the SmART Ride Microtransit Service with a total agreement amount of \$2,401,200 in substantially the form present; authorized the Executive Director to sign a three-year grant agreement for the Neighborhood Shuttle Cycle 2 Program with Paratransit, Inc., (Paratransit) for the Farmers' Market And Non-Emergency Medical Transportation Program with a total agreement amount of \$576,600 in substantially the form present; and authorize the Executive Director to sign a letter of support for the Areas of Persistent Poverty grant program for the further expansion of the farmers' market and non-emergency medical transportation program.

AYES: Sue Frost, Eric Guerra, Patrick Hume, Jayna Karpinski-Costa, Patrick Kennedy, Rosario Rodriguez, Paul Sandhu, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes

NOES: (None)

ABSTAIN: (None)

ABSENT: Rich Desmond, Caity Maple, Phil Serna, Donald Terry, Katie Valenzuela, Mai Vang

RECUSAL: (None)

(PER POLITICAL REFORM ACT (§ 18702.5.))

**13. Sacramento Regional Transit District Presentation and Approval of the Transit Congestion Relief Five-Year Program And Senior & Disabled Transportation Services and Authorizing The Executive Director To Sign A Measure A Ongoing Annual Program Memorandum Of Understanding**

1:57 PM Board Action: Rosario Rodriguez/ Bobbie Singh-Allen - Approved the Transit Congestion Relief and Senior & Disabled Transportation Services Five-Year Programs and authorized the Executive Director to sign a Measure A ongoing annual programs Memorandum Of Understanding with SacRT in substantially the form present.

AYES: Sue Frost, Eric Guerra, Patrick Hume, Jayna Karpinski-Costa, Rosario Rodriguez, Paul Sandhu, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes

NOES: (None)

ABSTAIN: (None)

ABSENT: Patrick Kennedy, Rich Desmond, Caity Maple, Phil Serna, Donald Terry, Katie Valenzuela, Mai Vang

RECUSAL: (None)

(PER POLITICAL REFORM ACT (§ 18702.5.))

**14. Paratransit Incorporated Presentation and Approval of the Senior & Disabled Transportation Services Five-Year Program and Authorizing The Executive Director To Sign Measure A Ongoing Annual Program Memorandum Of Understanding**

2:09 PM Board Action: Sue Frost/ Karina Talamantes - Approved the Senior and Disabled Transportation Services Five-Year Program by Paratransit and authorized the Executive Director to sign a Measure A ongoing annual programs Memorandum Of Understanding with Paratransit in substantially the form present.

AYES: Sue Frost, Eric Guerra, Patrick Hume, Jayna Karpinski-Costa, Patrick Kennedy, Rosario Rodriguez, Paul Sandhu, Bobbie Singh-Allen, Kevin Spease, Karina Talamantes

NOES: (None)

ABSTAIN: (None)

ABSENT: Rich Desmond, Caity Maple, Phil Serna, Donald Terry, Katie Valenzuela, Mai Vang

RECUSAL: (None)

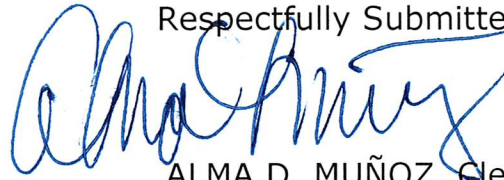
(PER POLITICAL REFORM ACT (§ 18702.5.))

## 15. Comments Of Authority Members

2:19 Board Action: No comments were made.

Adjourned at 2:19 p.m.

Respectfully Submitted,



ALMA D. MUÑOZ, Clerk

Sacramento Transportation Authority/  
Sacramento Abandoned Vehicle Service Authority






AUGUST 10, 2023

AGENDA ITEM # **4**

**RECEIVE AND FILE SACMETRO FREEWAY SERVICE PATROL STATUS REPORT —  
4<sup>TH</sup> QUARTER FISCAL YEAR 2022-23**

Action Requested: Receive and File

Key Staff: Jennifer Doll, Special Programs Manager

<b>Fourth Quarter Fiscal Year 2023 Stats</b>		
<p>SacMetro FSP provided 9,155 assists for the quarter—an increase of 9.37 percent from the last quarter. Motorists completed 186 surveys—an increase of 12.73 percent from the last quarter.</p>		
 <b>Types of Problems</b>	 <b>Response Times</b>	 <b>Service Rating</b>
<p>73 percent of assists were related to accidents, mechanical problems, and flat tires during this period.</p>	<p>69 percent of motorists reported waiting less than 10 minutes before FSP appeared on scene.</p>	<p>98 percent of the 186 surveys reported excellent service. 184 surveys included comments of gratitude and appreciation.</p>
<p>The following are some of the survey responses:</p> <ul style="list-style-type: none"> <li>• Francisco was amazing. Fast and very professional. I was so happy to see him. I love this service. I can't stop talking about my experience. Officer Adam Berssi called for help and stayed on the side of the road behind me until I exited the freeway. My daughter was scared but felt better with having him nearby. Thanks you!!</li> <li>• The driver (Brian) was extremely helpful. He helped me gather a bunch of parts that came off my vehicle. Then he set up a tow to get me off the freeway shoulder and to a safe place to wait for our AAA tow. Great service!</li> <li>• Stephanie and Jonathon were excellent, fast and incredibly helpful, friendly and professional.</li> <li>• Amazing service. Thank you for this program.</li> <li>• I went from having to wait 1.5 hours to Walt showing up unexpected and had me back on the road within 10 minutes. Very unexpected surprise but glad he was there to help. Very professional and friendly. We need more Walt's in the world!!!</li> <li>• Entire experience was excellent! All folks involved were polite, kind and helpful!</li> </ul>		





AUGUST 10, 2023

AGENDA ITEM # 5

**APPROVE STA PAY RATE SCHEDULE**

Action Requested: Approve

Key Staff: Kevin M. Bewsey, Executive Director

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**Recommendation**

Approve an official Pay Rate Schedule for STA.

**Background Information**

California Code of Regulations Section 570.5 states:

- (a) For purposes of determining the amount of “compensation earnable” pursuant to Government Code Sections 20630, 20636, and 20636.1, payrate shall be limited to the amount listed on a pay schedule that meets all of the following requirements:
  - (1) Has been duly approved and adopted by the employer’s governing body in accordance with requirements of applicable public meetings laws;
  - (2) Identifies the position title for every employee position;
  - (3) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
  - ...
  - (8) Does not reference another document in lieu of disclosing the payrate.

On June 9, 2016, the STA Governing Board adopted Salaries & Benefits Resolution STA-16-0005, directly linking STA staff salaries to selected personnel classifications at the County of Sacramento. Under California Code of Regulations Section 570.5(a)(8), the STA Governing Board must regularly update and adopt its pay rate schedule.

**Discussion**

The STA’s staff positions are indexed to County of Sacramento classifications as follows:

<b><u>STA</u></b>	<b><u>County of Sacramento</u></b>
Executive Director	Director of Transportation (Class Code 28904)
Accounting Manager	Accounting Manager (Class Code 27560)
Special Programs Manager	Administrative Services Officer III (Class Code 27605)

STA employees receive the same salaries as County employees in comparable classifications. In the summer of 2022, the County completed negotiations with various employee organizations which resulted in the following cost of living changes beginning in fiscal year 2022-23 and continuing through fiscal years 2023-24 and 2024-25:

- Cost of living increases in each of the three fiscal years as follows: 4% in fiscal year 2022-23; 4% in fiscal year 2023-24; and a CPI-index 2-4% in fiscal year 2024-25.

Additionally, the County conducts salary surveys to review employee compensation on an annual basis. The County contracted with Ralph Andersen & Associates (Consultant) to conduct a compensation survey of unrepresented Department Heads. Total compensation data was collected for the 15 jurisdictions which make up the Sacramento area. This salary survey included a recommendation of an equity adjustment of 16.4% for the Director of Transportation (County Class Code 28904). On February 28, 2023, the County of Sacramento Board of Supervisors adopted this salary equity adjustment. This equity adjustment became effective March 12, 2023. The County is also changing to salary surveys for unrepresented employees from annual to every five years.

In order to align with the 4% cost of living increases for fiscal year 2023-24 and equity adjustments the Official Pay Rate Schedule below has been updated.

**Sacramento Transportation Authority  
Official Pay Rate Schedule  
Fiscal Year 2023/24**

<b>Position</b>	<b>Equivalent County Class</b>	<b>Minimum Pay (Monthly)</b>	<b>Maximum Pay (Monthly)</b>
<b>Executive Director</b>	28904	19,461.92	21,455.92
<b>Accounting Manager</b>	27560	10,154.67	11,195.17
<b>Special Programs Manager</b>	27605	9,956.25	10,975.92



AUGUST 10, 2023

AGENDA ITEM # 6

**AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN A THREE-YEAR CAPITAL ALLOCATION AND EXPENDITURE CONTRACT WITH THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY**

Action Requested: Approve Staff Recommendations  
Key Staff: Kevin M. Bewsey, Executive Director

**Recommendation**

Staff recommends that the STA Governing Board Authorize the Executive Director to sign a three-year Capital Allocation And Expenditure Contract for \$700,000 in substantially the form present with the Capital Southeast Connector Joint Powers Authority for the I5/SR99/SR50 Connector Project.

**Background**

As part of STA's Annual Budget development, STA staff along with a subcommittee of the Professional Advisory Group (PAG) representing those agencies still receiving Measure A Capital funds coordinate on a Measure A Capital Improvement Program (CIP). This coordination begins in December with updated revenue estimates and then continues with a review of existing contract expenditures, and consideration for new CIP funding all over a 5-year programming period. Due to the limited nature of the CIP funds the prospect for leveraging additional federal, state, and local funding is a major consideration in determining projects for allocation. STA staff utilizes the principles for remaining CIP allocations and targeted allocations approved by the STA Governing Board in October of 2020 to guide these discussions. Once there is agreement on a 5-Year CIP, this work is then incorporated into STA's Draft and then Final Annual Budget.

With adoption of the Fiscal Year (FY) 2023/2024 Annual Budget in June both California Department of Transportation (Caltrans) and the Capital Southeast Connector Joint Powers Authority are budgeted for new Capital funding contracts in FY 2023/2024. Typically, these contracts are awarded at the beginning of the fiscal year at a STA Governing Board meeting.

Subsequent to the adoption of the annual budget at the June 16<sup>th</sup> STA Governing Board Meeting the California Transportation Commission (CTC) awarded \$13 million in funds through there Senate Bill 1 (SB 1) Trade Corridor Enhancement Program (TCEP) for Measure A projects. STA in coordination with the Sacramento Area Council Of Governments (SACOG) nominated the I-5 Managed Lanes Project with Caltrans as the implementing agency after STA Governing Board Action in November 2022. Caltrans will receive a \$10 million dollar award for the final design of this project. Separately the Capital Southeast Connector Joint Powers Authority nominated the Grant Line Road Safety Freight Mobility Project and will receive a \$3 million dollar award for final design of its project.

The Capital Southeast Connector Joint Powers Authority is also using Measure A funds as the local match for a \$4 million-dollar federal grant for the White Rock Road Class I Trail which was awarded in December 2022.

### **Discussion**

STA staff has reached out both to both Caltrans and Capital Southeast Connector Joint Powers Authority to meet regarding these most recent grant awards and how they impact these agencies capital funding needs for those specific projects or segments listed in the STA's FY 2023/2024 Annual Budget.

Staff is recommending moving forward with the \$700,000 contract for the Capital Southeast Connector Joint Powers Authority which would be used at least in part as the local match for the White Rock Road Class I Trail grant.

Staff recommends that the STA Governing Board take the following actions:

1. Authorize the Executive Director to sign a three-year Capital Allocation And Expenditure Contract for \$700,000 in substantially the form present with the Capital Southeast Connector Joint Powers Authority for the I5/SR99/SR50 Connector Project.

### **Fiscal Impact**

The \$13 million in grant awards from the CTC was not anticipated in the 5-Year CIP that was included as part of the Annual Budget. These additional grant funds would likely offset the near-term need for Measure A Capital funding. For both of these projects it is anticipated that these Measure A Capital funds will still be needed on the project but may be used on a later phase of the project.

There is no fiscal impact for the \$700k in funding for the Capital Southeast Connector Joint Powers Authority as this is included in STA's Annual Budget.

### ***Attachments:***

1. Capital Allocation And Expenditure Contract for \$700,000 with the Capital Southeast Connector Joint Powers Authority for the I5/SR99/SR50 Connector Project.

## **CONTRACT STA-23-001-CAE**

### **Capital Allocation and Expenditure Contract For Capital SouthEast Connector Authority Measure A Transportation Capital Project**

This Contract is made as of August 10, 2023 by and between the Sacramento Transportation Authority, a local transportation authority formed pursuant to the provisions of Public Utilities Code 180000 et seq., hereinafter called "Authority", and the Capital SouthEast Connector Authority, hereinafter called "Entity."

#### **RECITALS**

**WHEREAS**, in 2004, the electors of Sacramento County approved, by two-thirds vote, sales tax Measure 'A' and Authority Ordinance No. 04-01 ("Measure A Ordinance"); and

**WHEREAS**, the Measure A Ordinance includes the "Sacramento County Transportation Expenditure Plan 2009–2039" ("Expenditure Plan"); and

**WHEREAS**, the Expenditure Plan includes the following capital improvement project: I5/SR99/SR50 Connector ("Capital Project") as part of the Local Arterial Program; and

**WHEREAS**, the STA Governing Board approved the Adoption Of Principles For Remaining Capital Improvement Program (CIP) Allocations And Approval Of A Consensus Allocation Plan on October 14, 2020 which included an allocation to the Entity; and

**WHEREAS**, it is desired that a portion of Entity's funding from the Consensus Allocation Plan be identified in this separate Contract for accountability and tracking purposes.

**NOW, THEREFORE** in consideration of the conditions herein contained, Authority and Entity do hereby agree to enter into "parallel" Contracts.

THE PARTIES AGREE AS FOLLOWS:

1. Purpose. The purpose of this Contract is to:
  - a. Provide for the disbursements of sales tax revenue and/or transportation mitigation fee revenue on a reimbursement basis by the Authority to Entity for the Capital Project described in Section 2.
  - b. Set forth the Entity's obligations with respect to the receipt and expenditure thereof.
2. Description of Capital Project. The Capital Project funded by this Contract is:

- a. Design, engineering, environmental clearance, environmental mitigation, Right-of-Way acquisition, and construction of a multimodal transportation corridor connecting the Cities of Elk Grove, Rancho Cordova, and Folsom in the southern and eastern portions of Sacramento County, including allowable general agency administration functions.
3. Definitions. Unless the context otherwise requires, as used in this Contract, the following terms shall have the following meanings:
  - a. "Act" means the Local Transportation Authority and Improvement Act set forth in the provisions of the Public Utilities Code commencing with Section 180000.
  - b. "Board" means the Governing Board of the Sacramento Transportation Authority.
  - c. "Capital Improvement Program Reimbursement Request Support Policy" means the Authority policy that covers support requirements for reimbursement requests, issued in June 2023.
  - d. "Definitions of Eligible Expenditures" means the Definitions of Eligible Expenditures as approved by the Authority Governing Board in August 2021.
  - e. "Measure A" or "Ordinance" means Sacramento Transportation Authority Ordinance No. STA 04-01 and the Transportation Expenditure Plan which was updated for the Decennial Review by the Authority Governing Board in April 2021.
4. Amount of Allocation and Period of Expenditure. The Board has allocated to Entity the maximum sum of **\$700,000** for the reimbursement of expenditures on the Capital Project during Fiscal Years 2024, 2025, and 2026. Expenses incurred prior to June 30, 2026, will be eligible for reimbursement. The final invoice shall be submitted within 60 days of June 30, 2026. No additional funds will be provided under this contract.
5. Compliance. The use and expenditure of sales tax revenue and transportation mitigation fee revenue by Entity shall be in full compliance with the provisions of the Act, the Ordinance, applicable resolutions of the Board, this Contract, the Definitions of Eligible Expenditures, Capital Improvement Program Reimbursement Request Support Policy, and all other applicable contractual and legal requirements.
6. Tax Compliance. The Authority specifically advises the Entity that portions of the Capital Project may be financed with proceeds of Bonds issued by the Authority. These Bonds are obligations for which the interest paid to investors is excluded from gross income for federal tax purposes. Under federal tax rules, a number of requirements and restrictions must be met in order for interest on the Bonds to be treated as tax-exempt, including restrictions on the use of Bond-financed property and the investment of Bond proceeds. Such requirements

and restrictions continue for the life of the Bonds. To ensure such compliance, the Entity hereby agrees to abide by the additional requirements as set forth in Section 7(d) below.

7. Entity Certifications.

- a. Maintenance of Effort. Entity certifies that it is currently in compliance with, and will remain in compliance throughout the term of this Contract and the maintenance of effort requirements set forth in the Ordinance:
  - i. Entity shall not reduce the amount of its non-federal, non-state, non-Measure A transportation expenditure while receiving sales tax revenue.
- b. State and Federal Funding. Entity certifies that it will continue to seek maximum funding for transportation improvements through State and Federal grant programs and to not supplant these grant funds.
- c. Routine Accommodations of Bicycles and Pedestrians. Entity certifies that the Capital Project provides for routine accommodation of bicycles and pedestrians.
- d. Tax Certifications. Entity agrees that the Capital Project is properly described in Section 2 above, and Entity expects to own all components of the Capital Project for the entire useful lives of such assets. For the same duration, Entity does not expect that any component of the Capital Project will be used by any party other than the public or by state or local government (including use by operation, management, lease, or any preferential right). Entity shall notify authority in the event of any change to such expectations and agrees to consult and coordinate in good faith with Authority to preserve the tax-exempt status of any affected Bonds.

8. Disbursement of Revenues.

- a. Disbursements of revenue pursuant to this Contract shall be made on a reimbursement basis.
- b. Claims for payment shall be submitted no more often than monthly.
- c. All claims shall be approved by Entity's Project Manager prior to submission to Authority.
- d. All claims shall be reviewed and approved by the Authority prior to reimbursement.

9. Reporting.

- a. Entity shall submit Capital Project Status reports in approved STA format quarterly. For a Capital Project with multiple phases or segments, a separate Capital Projects

Status report for each phase or segment shall be required if the phase or segment has a separate environmental document, final design PS&E, or construction contract. At the discretion of the STA Executive Director, consolidation of these reports may be allowed. Information in the Capital Project Status report shall include:

- i. Total anticipated project cost
  - ii. Amount funded to date
  - iii. Expenditures by quarter
  - iv. Project status
- b. Capital Project Status reports will be due to the Authority thirty (30) days after the end of each calendar quarter.
  - c. Entity shall submit a Capital Project Status report with each reimbursement request submitted to STA. Information in the Capital Project Status report shall also include the Capital Project work performed during the reimbursement period.
  - d. At least annually and at the request of the STA Executive Director, a representative from the entity shall provide a presentation on the status of the Capital Project funded under this contract during a regularly scheduled meeting of the STA Governing Board.

10. Audits.

- a. STA staff will review progress payment claims on a selected basis.
- b. Annual audits of the STA will be performed by an independent auditor and reviewed by the Independent Taxpayer Oversight Committee (ITOC). As part of that audit, Entity expenditures will also be audited.
- c. Claims found to have inadequate supporting documentation may be denied by the STA Executive Director. Funds spent for any expenditures found to be in noncompliance with this Contract may be withheld from future payments until noncompliance by Entity is satisfactorily corrected or the funds have been repaid.

11. Designation of Project Manager. Entity shall designate a Project Manager who shall be the responsible representative of Entity to Authority staff relating to administration of this Contract.

12. Signs. Entity shall clearly identify that the project is funded with Measure A funds including on the entity's website or other material provided to the public. When a Capital Project is completed and open for public use, Entity shall post reflective signage stating, "MEASURE A, YOUR TRANSPORTATION DOLLARS AT WORK". Public Information Signage shall be in substantial compliance with this signage depicted in Attachment A as determined by the Authority.



13. Indemnity and Hold Harmless. Entity shall indemnify and save harmless the Sacramento Transportation Authority, its officers, employees, and agents, and each and every one of them, from and against all actions, damages, costs, liability, claims, losses, and expenses of every type and description to which any or all of them may be subjected, by reason of or resulting from, directly or indirectly, the performance of this Contract by Entity whether or not caused in part by passive negligence of a party indemnified hereunder. The foregoing shall include, but not be limited to, any attorney fees reasonably incurred by Authority.

The parties promise and agree to abide by the terms of this Contract as set forth above.

**CAPITAL SOUTHEAST CONNECTOR  
AUTHORITY**

**SACRAMENTO TRANSPORTATION  
AUTHORITY**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Kevin Bewsey, Executive Director

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## **PUBLIC INFORMATIONAL SIGNAGE**

### **CAPITAL PROJECT SIGNAGE**

The minimum project sign size shall be as follows:

- Caltrans Freeways & Expressways: 132" x 78" (11 ft x 6.5 ft)
- Caltrans Conventional Highways: 96" x 60" (8 ft x 5 ft)
- All other locations: 48" x 30" (4 ft x 2.5 ft)

Public Information Signage shall be in substantial compliance with figure 1:

### **TRANSIT FLEET VEHICLE**

The minimum transit fleet vehicle decal size shall be 48" (4 ft) long.

Public Information Signage shall be in substantial compliance with figure 1:

### **OPERATING PROGRAM**

The minimum project sign size shall be 48" x 30" (4 ft x 2.5 ft).

Public Information Signage shall be in substantial compliance with figure 1:

**FIGURE 1**



**Figure 1 Notes**

Font is Arial Black

Figure 1 Color Palette

Black Font Color

Color Hex Code: #181717

Color RGB: R24 G23 B23

White Font Color

Color Hex Code: #FFFFFFE

Color RGB: R255 G255 B254

Gold Background

Color Hex Code: # F9B928

Color RGB: R249 G185 B40

Green Background

Color Hex Code: # 7BB13B

Color RGB: R123 G177 B59



August 10, 2023

AGENDA ITEM # 7

**APPROVE REFUNDING OF THE 2009C, 2014A, AND 2015A SERIES BONDS AND DEBT POLICY UPDATE AND RELATED MATTERS**

Action Requested: Approve and Authorize

Key Staff: Dustin Purinton, Accounting Manager

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**Recommendation**

1. Close the refunding of the 2009C, 2014A, and 2015A Series Bonds and Debt Policy Update and Related Matters continued from June 16, 2023.
2. Adopt the resolution authorizing the following:
  - (i) the issuance and sale of not to exceed \$385,000,000 aggregate principal amount of 2023 Series Bonds to refund all or a portion of the existing 2009C, 2014A and 2015A Series Bonds and terminate all or a portion of the related swap agreements to reduce risk and simplify the debt portfolio,
  - (ii) execution by the Chairman, Executive Director, Accounting Manager, and the County Auditor-Controller of the attached documents, including the 2023 Series Bonds, and other related instruments, to complete the transaction;
  - (iii) adoption of the amendments to the Debt Policy to set guidelines for the issuance and management of current and future debt; and
  - (iv) the taking of all other related actions.

**Background**

**Refunding 2009C, 2014A and 2015A Series Bonds and termination of related Swap Agreements with 2023 Series Bonds**

In October 2006, the STA Governing Board adopted the New Measure A Plan of Finance, which identified \$318.3 million of projects to be advanced via anticipated debt financing. At or about the same time, The STA Governing Board executed three interest rate swaps of \$106.1 million each. The purpose of the interest rate swaps, in short, was to hedge and manage risk inherent in anticipated variable rate bond financing transactions.

In September 2009, the STA Governing Board issued the 2009 A, B and C Series bonds in a combined amount of \$318.3 million in variable rate demand bonds (“VRDBs”). Upon issuance, the interest rate swaps were combined with the variable rate bonds to create “synthetic fixed rate debt” with an approximate synthetically fixed interest rate of approximately 4.0%. This structure continues today with the issuance of the 2014A Series in September 2014 to refund the 2009A Series and the issuance of the 2015A Series in March 2015 to refund the 2009B Series. Each of these refundings was undertaken to provide for a corresponding release from the related Bond Reserve Fund. The amount in the Bond Reserve Fund corresponding to the

2009C Series was released in 2018. 2009C, 2014A and 2015A remain variable rate bonds paired with the interest rates swaps.

These bonds are shown in the table below.

Series	Outstanding Principal	Synthetic Fixed Interest Rate	Final Maturity	Type
2009C	\$106,100,000	3.736%	10/1/2038	Variable
2014A	\$106,100,000	3.736%	10/1/2038	Variable
2015A	\$106,100,000	3.666%	10/1/2038	Variable

In January 2023, the STA Governing Board received an overview of the bond portfolio from STA's Consulting Financial Advisor, Peter Shellenberger, PFM Managing Director.

In March 2023, the STA Governing Board received a presentation from Mr. Shellenberger on refunding of the 2009C, 2014A, and 2015A series bonds from variable rate to fixed rate. The STA Governing Board directed staff and PFM to continue pursuing bond refinancing opportunities. Each refunding in whole of the 2009C, 2014A and 2015A Series with fixed rate bonds would involve the termination of the corresponding interest rate swap and liquidity facility. PFM's presentation emphasized that the goal of the refinancing would be to reduce risk in STA's existing bond portfolio, reduce administrative efforts, and potentially be a cost neutral approach when considering savings from an additional potential future refunding in 2033. The presentation also highlighted that the STA Governing Board would need to accept the upfront refunding cost in 2023, which may not be recouped until 2033. After this presentation, the STA Governing Board provided the following direction:

- STA staff would need to continue to provide updates to the STA Governing Board.
- Additional STA Governing Board action would be required prior to refinancing.
- If the refunding in 2033 is needed, any STA Governing Board action would need to include reporting and monitoring requirements to ensure this occurs.

In April 2023, STA staff and PFM Financial Advisors solicited requests for proposals from underwriters. Interviews took place in May 2023 and three underwriting banks were selected should the STA Governing Board decide to proceed with the refinancing transaction. These underwriters were Bank of America (Senior Manager), Wells Fargo (Co-Manager) and Siebert Williams Shank (Co-Manager).

In May 2023, the STA Governing Board received a presentation from Mr. Shellenberger, providing a refinancing progress update and a brief overview of current market conditions.

In June 2023, The STA Governing Board meeting included an item for approval of the bond refinancing and related matters and it was continued to August 2023.

STA's debt program is based on prudent fiscal policy and comprehensive financial analysis practices. STA receives on-going counsel on such matters from bond counsel and consulting from an independent financial advisory firm (PFM Financial Advisors LLC) that specializes in assisting public agencies to participate in the capital markets. Market changes and opportunities require STA to be diligent in its duties as a steward of public funds. The debt policy was previously approved in October 2015.

A debt policy sets forth formal guidelines, allowances, restrictions, and procedures for the issuance and management of debt. It is a "best practice" document recommended by the Government Finance Officers Association (GFOA) for the effective issuance of debt and the integrated administration of a comprehensive debt program. Its primary objectives are: 1) to organize and formalize the agency's debt issuance policies and procedures; 2) to maintain cost effective access to capital markets through prudent, yet flexible, policies that moderate debt service obligations; and 3) to preserve the highest practical municipal bond rating.

### **Discussion**

#### **Refunding 2009C, 2014A and 2015A Series Bonds and termination of related Swap Agreements with 2023 Series Bonds**

STA staff are requesting STA Governing Board authorization to refinance all or part of the outstanding VRDBs and terminate all or part of the related swap agreements, in a transaction that shall not result in a present value cost greater than 4.71% of the principal amount of the refunded portion of the VRDBs. If all the VRDBs are refunded and all of the related swap agreements are terminated, this would amount to a present value cost of \$15.00 million. In other words, STA would only refund all the VRDBs if it resulted in an increase to total debt service through 2039 of no more than \$15.00 million, in present value terms. Under market conditions on July 28th, the increase in debt service was estimated to be \$6.94 million through 2039, or 2.18% of the refunded principal amount. The not-to-exceed parameter of \$15.00 million (or 4.71% of refunded principal) is set to provide some flexibility given fluctuating market conditions and to align with potential future refunding savings (estimated to be approximately \$15.40 million) to reach a cost-neutral outcome in the long-term. This transaction is intended to break even and under current market conditions STA staff anticipates refinancing the Series 2023 bonds, with the assumption that interest rates will be at the 20-year average, in 10 years with a present value savings of \$15.40 million, resulting in a small amount of savings.

Should market conditions at the time of pricing result in a present value cost of greater than \$15.00 million from refinancing all the 2009C, 2014A and 2015A bonds and terminating all the associated interest rate swaps, STA staff would have the option to refinance a portion of those bonds and terminate a portion of the interest rate swaps, so long as the cost did not exceed \$15.00 million present value (or 4.71% of refunded principal). In this manner, STA staff would be able to reduce at least some of STA's risks at a cost of no more than \$15.00 million (or 4.71% of refunded principal, while retaining the ability to refund the remaining outstanding 2009C, 2014A and 2015A bonds (and terminating the remaining interest rate swaps) at a later point in time.

The table below summarizes the present value cost over time. This illustrates the variability in the market and the need for parameters that define the authorized amount of flexibility in the proposed resolution for execution of this transaction.

Calculation Date	Interest Rate Swap Termination Value	Net Present Value (NPV) Cost of Full Refinancing	Future Bond Refunding Potential NPV
7/28/2023	\$(31,652,445)	\$(6,936,885)	\$15,173,045
6/7/2023	\$(36,034,878)	\$(12,011,069)	\$15,401,685
5/1/2023	\$(39,460,000)	\$(9,312,143)	\$15,288,715
3/2/2023	\$(34,013,476)	\$(12,642,346)	\$15,452,755

The attached documents have been prepared by bond counsel, disclosure counsel and underwriters' counsel representing STA and the underwriters. Orrick, Herrington, & Sutcliffe, LLP, STA's bond counsel, Nossaman LLP, STA's disclosure counsel, and STA's general counsel have reviewed the documents.

Peter Shellenberger, Managing Director, PFM Financial Advisors, LLC is with us today to provide a market update. Mayling Leong from Orrick Herrington & Sutcliffe is here to address any questions you may have about the terms of the legal documents needed to complete the transaction which is expected to close in September 2023.

Additionally, Section 5852.1 of the California Government Code requires that issuers, such as the Authority, publicly disclose specific costs and other parameters associated with any proposed debt transaction. The following information is provided as a good-faith estimate to comply with Section 5852.1 of the Code. The true interest cost of the proposed Series 2023 Bonds is currently estimated to be 3.15%. The finance charge of the Series 2023 Bonds (i.e., the sum of all fees and charges paid to third parties) is currently estimated to be \$982,663 – this number includes all transaction costs including fees paid to the underwriter syndicate. The amount of proceeds received by the Authority from the sale of the Series 2023 Bonds is currently estimated to be \$351,148,040 (i.e., the amount available to refunding the variable rate bonds and fund the swap termination cost). The total payment amount (i.e., total principal and interest) on the Series 2023 Bonds is estimated to be \$459,928,883 through the final maturity (2039) of the bonds.

### Debt Policy

The proposed debt policy (attachment #6) was prepared by staff in coordination with our consulting financial advisors at PFM Financial Advisors. It is intended to provide further evidence to financial markets and participants (and local taxpayers) of the STA's commitment to sound financial management and controlled borrowing practices. It is regarded as a positive factor in the evaluation of the agency's creditworthiness to holders, and potential holders, of STA-issued debt.

A notable update to the existing Debt Policy is the addition of a yearly evaluation of the current market for refinancing opportunities. This will help ensure that STA monitors ongoing refunding opportunities and enters the market in the future to capture debt service savings on the Series 2023 bonds. Under our cost-neutral strategy for this proposed refunding, any future debt service

savings will directly offset any increased debt service costs that may be realized in the near-term through the fix-out proposal.

*Attachment*

1. Resolution
2. Updated Preliminary Official Statement (POS)
3. Eighth Supplemental Indenture
4. Bond Purchase Contract
5. Continuing Disclosure Certificate
6. Debt Policy



NO. 23-\_\_

**RESOLUTION OF THE GOVERNING BOARD OF THE SACRAMENTO TRANSPORTATION AUTHORITY AUTHORIZING (1) THE ISSUANCE AND SALE OF NOT TO EXCEED \$385,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO TRANSPORTATION AUTHORITY MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023 (LIMITED TAX BONDS), (2) THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, A PURCHASE CONTRACT, AN OFFICIAL STATEMENT, AND A CONTINUING DISCLOSURE CERTIFICATE, (3) THE TAKING OF ALL ACTIONS NECESSARY TO TERMINATE OR AMEND ALL OR ANY PORTION OF THE EXISTING SWAP AGREEMENTS, (4) THE ADOPTION OF AN AMENDED DEBT POLICY, AND (5) THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH**

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**WHEREAS**, the Sacramento Transportation Authority (the “Issuer”) is duly organized and existing under the provisions of the Local Transportation Authority and Improvement Act, being Division 19 of the Public Utilities Code of the State of California, Sections 180000 *et seq.* (the “Act”);

**WHEREAS**, the Issuer adopted Ordinance No. STA-04-01, on July 29, 2004 (the “Ordinance”), pursuant to the provisions of Chapter 5 of the Act (Sections 180200 through 180207, inclusive), which Ordinance provides for the imposition of a retail transactions and use tax (the “2004 Measure A Sales Tax”) applicable in the incorporated and unincorporated territory of the County of Sacramento (the “County”) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, at the rate of one-half of one percent ( $\frac{1}{2}\%$ ) for a period of thirty (30) years beginning April 1, 2009;

**WHEREAS**, the 2004 Measure A Sales Tax was approved by more than two-thirds of the electors voting on a ballot measure (“2004 Measure A”) to authorize such 2004 Measure A Sales Tax at the general election held in the County on November 2, 2004;

**WHEREAS**, pursuant to the Ordinance, the collection of the 2004 Measure A Sales Tax began on April 1, 2009 and will expire on March 31, 2039;

**WHEREAS**, the Issuer is authorized by Chapter 6 of the Act and the Ordinance to issue from time to time bonds or notes and to incur from time to time other obligations payable in whole or in part from revenues of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”) for capital outlay expenditures for the purposes set forth in Section VI of the Ordinance, including the carrying out of transportation projects described in the Expenditure Plan (attached as Exhibit A to the Ordinance), including any future amendments thereto;

**WHEREAS**, the Issuer previously executed and delivered that certain Indenture, dated as of September 1, 2009 (as previously supplemented and amended from time to time in accordance with its terms, the “Indenture”), with U.S. Bank Trust Company, National Association, as successor trustee (in such capacity, the “Trustee”), in order to provide for the issuance, authentication and delivery from time to time of certain bonds or notes (the “Bonds”), to

establish and declare the terms and conditions upon which the Bonds and other obligations secured by the Sales Tax Revenues shall be issued and secured and to secure the payment of the principal thereof, premium (if any), and interest on the Bonds and other obligations secured by the Sales Tax Revenues on a parity with the Bonds and certain other obligations secured by the Sales Tax Revenues;

**WHEREAS**, the Issuer previously issued its (i) Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) (the “Series 2009C Bonds”) in the original aggregate principal amount of \$106,100,000, all of which are currently outstanding, (ii) Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) (the “Series 2014A Bonds”) in the original aggregate principal amount of \$106,100,000, all of which are currently outstanding, and (iii) Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds) (the “Series 2015A Bonds”) in the original aggregate principal amount of \$106,100,000, all of which are currently outstanding;

**WHEREAS**, the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds bear interest at variable rates supported by liquidity facilities in the form of standby bond purchase agreements (collectively, the Series 2009C Bonds, the Series 2014 Bonds and the Series 2015A Bonds are referred to herein as the “Variable Rate Bonds”);

**WHEREAS**, the Issuer desires to refinance the Variable Rate Bonds, whether in whole or in part (the “Refinancing”);

**WHEREAS**, the following documents, collectively referred to herein as the BofA Swap Agreement, were previously executed and delivered: (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by the First Amendment, dated as of December 14, 2017, each between the Issuer and Bank of America, N.A. (“BofA”); (ii) the ISDA U.S. Municipal Counterparty Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA; and (iv) the Confirmation No. 4847090, dated October 18, 2006 (the “BofA Confirmation,” with the trade documented by the BofA Confirmation referred to herein as the “BofA Swap Transaction”);

**WHEREAS**, the following documents, collectively referred to herein as the JPM Swap Agreement, were previously executed and delivered: (i) the ISDA Master Agreement, dated as of October 18, 2006, between the Issuer and Bear Stearns Financial Products Inc., and assigned to JPMorgan Chase Bank, N.A. (“JPM”) pursuant to an Assignment Agreement, dated as of April 14, 2009, (ii) the ISDA Amended and Restated U.S. Municipal Counterparty Schedule, dated as of December 28, 2017, between the Issuer and JPM, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of December 28, 2017, between the Issuer and JPM; and (iv) Second Amended and Restated Confirmation No. 0500007012708, dated December 28, 2017 (the “JPM Confirmation,” with the trade documented by the JPM Confirmation referred to herein as the “JPM Swap Transaction”);

**WHEREAS**, the following documents, collectively referred to herein as the Goldman Swap Agreement, were previously executed and delivered: (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by an Amendment, dated as of December 15, 2017,

each between the Issuer and Goldman Sachs Capital Markets, L.P. (“Goldman”); (ii) the ISDA U.S. Municipal Counterparty Schedule, dated as of October 18, 2006, between the Issuer and Goldman, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and Goldman; (iv) Guaranty, dated November 17, 2006, by Goldman Sachs Group, Inc., and (v) Confirmation No. 00665856101, dated October 18, 2006 (the “Goldman Confirmation,” with the trade documented by the Goldman Confirmation referred to herein as the “Goldman Swap Transaction” and, together with the BofA Swap Transaction and the JPM Swap Transaction the “Swap Transactions” and each individually, a “Swap Transaction”);

**WHEREAS**, the Issuer has the right to terminate the Swap Transactions at its option with payment of a termination amount either to or by the Issuer based on then-current market conditions and under current market conditions it is expected that a termination payment will be required to be paid by the Issuer to terminate the Swap Transactions;

**WHEREAS**, the Swap Transactions are associated with the Variable Rate Bonds and the Issuer desires to terminate the Swap Transactions, whether in whole or in part (the “Swap Terminations”), in connection with the Refinancing, and the Issuer may be required to execute agreements with the counterparties to the Swap Transactions as part of the Swap Terminations;

**WHEREAS**, if the Swap Transactions are terminated in part, all or any portion of the Swap Transactions may have to be amended (the “Swap Amendments”), and if any of the Swap Transactions is terminated on the condition that the issuance of refunding bonds has occurred (or will occur simultaneously with the settlement of such Swap Transaction termination) and/or the Refinancing of the applicable series of Variable Rate Bonds has occurred (or will occur simultaneously with the settlement of such Swap Transaction termination) and such issuance and/or Refinancing does not occur, such Swap Transaction will have to be reinstated;

**WHEREAS**, the Issuer is authorized by Chapter 6 of the Act to provide for the issuance and sale of refunding bonds to redeem or retire any bonds issued by the Issuer and the Issuer has now determined to issue a new series of Bonds under the Indenture as fixed rate bonds in an aggregate principal amount not to exceed \$385,000,000 (the “Series 2023 Bonds”);

**WHEREAS**, the Issuer desires to use the proceeds of the Series 2023 Bonds, in conjunction with any funds currently held by the Trustee for the payment of interest on the Variable Rate Bonds and, if necessary, other available moneys, for the Refinancing, to pay the termination payments owed by the Issuer in connection with the Swap Terminations, and to pay costs of issuance in connection with the Series 2023 Bonds;

**WHEREAS**, the Issuer’s existing debt policy for the issuance of refunding bonds requires a minimum debt service savings threshold goal of 3.0% of the refunded bond principal amount, on a maturity-by-maturity basis, unless there are other compelling reasons, such as, but not limited to, restructuring the repayment schedule of the debt, changing the type of debt instruments being used or to retiring an indenture in order to remove undesirable covenants;

**WHEREAS**, while the Refinancing and the Swap Terminations are not expected to produce the minimum debt service savings set forth in the Issuer’s debt policy, they are

necessary components of the Issuer’s long-term strategy to reduce risks associated with variable rate debt and hedging instruments, and the Governing Board of Directors of the Issuer (the “Board”) has determined, subject to the limitations in Section 2 hereof, that such risk reduction strategy is a compelling reason to issue the Series 2023 Bonds for the purposes of the Refinancing and the Swap Terminations;

**WHEREAS**, the issuance of the Series 2023 Bonds is required by Section 180252 of the Act to be approved by two-thirds vote of the Board;

**WHEREAS**, the Series 2023 Bonds shall be secured by a pledge of the Sales Tax Revenues and shall be issued pursuant to the Indenture and a Supplemental Indenture, to be entered into between the Issuer and the Trustee (the “Supplemental Indenture”), and a proposed form of Supplemental Indenture has been prepared and presented to the Board;

**WHEREAS**, in order to set forth the terms of sale of the Series 2023 Bonds, the Issuer proposes to enter into a bond purchase contract (the “Purchase Contract”) with BofA Securities, Inc., on behalf of itself and as representative of Wells Fargo Bank, National Association and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”) and a proposed form of the Purchase Contract has been prepared and presented to the Board;

**WHEREAS**, in order to provide information about the Series 2023 Bonds and related matters to purchasers and potential purchasers of the Series 2023 Bonds, the Issuer proposes to execute and deliver an official statement (the “Official Statement”) and the proposed form of the Official Statement has been prepared and presented to the Board in preliminary form (the “Preliminary Official Statement”);

**WHEREAS**, in order to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Issuer proposes to enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) and a proposed form of the Continuing Disclosure Certificate has been prepared and presented to the Board;

**WHEREAS**, the Board has been presented with proposed forms of the Supplemental Indenture, the Purchase Contract, the Preliminary Official Statement, and the Continuing Disclosure Certificate, and the Board has examined and approved each document and desires to authorize and direct the execution and performance of such documents as are specified herein and such other documents as are necessary in connection with the Refinancing, the Swap Terminations and, if necessary, the Swap Amendments or reinstatement of any Swap Transaction, and to authorize and direct the taking of all other actions necessary for the consummation of the Refinancing, the Swap Terminations and, if necessary, the Swap Amendments and reinstatement of any Swap Transaction;

**WHEREAS**, the Issuer also desires to amend its existing debt policy with an updated debt policy (the “Debt Policy”) in the form presented to the Board, which will replace the Issuer’s existing debt policy and include an annual evaluation by the Issuer of its outstanding debt to assess refunding opportunities;

**WHEREAS**, all acts, conditions and things required by the Act and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Series 2023 Bonds and consummation of the Refinancing, Swap Terminations and Swap Amendments authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such Refinancing, Swap Terminations, and Swap Amendments (including any reinstatement of any Swap Transaction), and to authorize the execution of the Supplemental Indenture, the Purchase Contract, the Official Statement, the Continuing Disclosure Certificate, the Swap Amendments and documents necessary for any reinstatement of any Swap Transaction, and to adopt the Debt Policy, for the purposes, in the manner and upon the terms provided;

**NOW THEREFORE, THE SACRAMENTO TRANSPORTATION AUTHORITY RESOLVES:**

**Section 1.** The Issuer finds and determines that the foregoing recitals are true and correct.

**Section 2.** The issuance by the Issuer of not to exceed \$385,000,000 aggregate principal amount of the Series 2023 Bonds, in one or more series, in accordance with the provisions set forth in the Indenture and the Supplemental Indenture as finally executed and delivered, is hereby authorized and approved, provided, however, that the issuance of the Series 2023 Bonds, together with the Refinancing and the Swap Terminations, shall not result in a present value cost greater than (i) \$15,000,000, and (ii) 4.71% of the principal amount of the refunded portion of the Variable Rate Bonds (as evidenced by a certificate of the Issuer's municipal advisor).

**Section 3.** The proposed form of Supplemental Indenture presented to this meeting is hereby approved. The structure, date, maturity date or dates (not to exceed October 1, 2038), fixed interest rates (whereby the stated interest rates for the Series 2023 Bonds shall not exceed 5.50% per annum), interest payment dates, forms, registration privileges, place or places of payment, terms of redemption and number thereof and other terms of the Series 2023 Bonds shall be (subject to the foregoing limitations) as provided in the Indenture and the Supplemental Indenture as finally executed and delivered.

Any of the Chairman or Executive Director or each of their respective designee (each, an "Authorized Representative") is hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver the Supplemental Indenture, in substantially said form, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Series 2023 Bonds shall be executed by the manual or facsimile signature of the Chairperson of the Issuer and the Auditor-Controller of the Issuer and attested by the manual or facsimile signature of the Clerk, and shall be in the form set forth in and otherwise in accordance with the Supplemental Indenture; and when so executed, the Series 2023 Bonds shall be delivered to the Trustee for authentication by the Trustee and delivery by the Trustee to the Underwriter thereof in accordance with written instructions executed on behalf of the Issuer by

any Authorized Representative, which instructions such person is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver to the Trustee and which instructions shall provide for the delivery of the Series 2023 Bonds to the Underwriter in accordance with the Purchase Contract upon payment of the purchase price of the Series 2023 Bonds.

**Section 4.** The proposed form of the Purchase Contract presented to this meeting is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to sell the Series 2023 Bonds to the Underwriters pursuant to the Purchase Contract with a not-to-exceed 5.50% per annum true interest cost (without taking into account the costs of the Swap Terminations) and with the Underwriters' compensation not to exceed 0.30% of the principal amount of the Series 2023 Bonds and to execute and deliver the Purchase Contract in substantially said form, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5.** The proposed form of Preliminary Official Statement presented to this meeting is hereby approved. Any Authorized Representative is hereby authorized and directed to execute and deliver to the Underwriters a certificate deeming the Preliminary Official Statement, in substantially the form on file with the Clerk and presented to this meeting and with such changes as such Authorized Representative approves in the interest of the Issuer, final within the meaning of Securities Exchange Commission Rule 15c2-12. The Underwriters are hereby authorized to distribute the Preliminary Official Statement and the Official Statement. Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver the Official Statement, in substantially the form of the Preliminary Official Statement, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The proposed form of the Continuing Disclosure Certificate presented to this meeting is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver the Continuing Disclosure Certificate, in substantially said form, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to take all actions necessary to implement the Swap Terminations and, if necessary, the Swap Amendments, including executing and delivering any related documents and providing any related certifications.

If the issuance of the Series 2023 Bonds and/or any portion of Refinancing does not occur, any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to take all actions necessary to implement the applicable Swap Transaction, including executing and delivering any related documents and providing any related certifications.

In the event that all or a portion of the applicable Swap Transaction is reinstated, the Board hereby finds and determines, pursuant to Section 5922 of the Government Code of the State of California, that due consideration has been given for the creditworthiness of the counterparty to such Swap Transaction, including any related guarantee of, or other credit support for, the obligations of such counterparty, if applicable, and that such Swap Transaction is designed to reduce the amount or duration of rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the applicable Variable Rate Bonds. To the extent that any Swap Transaction so reinstated as described above is inconsistent or in conflict with the Issuer's Interest Rate Swap Policy, adopted by the Board in 2006, the inconsistent or conflicting provisions of the Interest Rate Swap Policy is hereby waived and shall not be applicable to any Swap Transaction reinstated as described above.

**Section 8.** All approvals, consents, directions, notices, orders, requests, certifications and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Series 2023 Bonds or before or after the effective date of the Swap Terminations or the Swap Amendments (including, without limitation, any amendment of any of the documents authorized by this Resolution or other agreement related thereto, any investment or reinvestment of proceeds of the Series 2023 Bonds or amounts held on deposit in any of the funds or accounts established under the Indenture or the Supplemental Indenture, or otherwise in connection with the Refinancing, or in connection with the addition, substitution or replacement of underwriters, or any agreements with paying agents or the removal or replacement of the Trustee) or any similar action may be given or taken by any Authorized Representative, without further authorization or direction by the Issuer, and each Authorized Representative is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, certification or other action and to execute such documents and take any such action which such Authorized Representative may deem necessary or desirable to further the purposes of this Resolution.

**Section 9.** Any Authorized Representative and each other appropriate officer of the Issuer, are authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all agreements, certificates, documents and instruments, including, without limitation, signature or incumbency certificates, no-litigation certificates, disclosure certificates, escrow agreements, tax certificates, letters of representation relating to book-entry registration, certificates concerning the representations in the Purchase Contract, certificates concerning the contents of the Official Statement and contracts for rebate compliance services, and concerning the Swap Terminations and the Swap Amendments and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Issuer has approved in this Resolution.

Each Authorized Representative may appoint in writing a designee to perform any of the actions that an Authorized Representative may take under this Resolution.

**Section 10.** The General Counsel of the Issuer is authorized and directed to provide such opinions, on behalf of the Issuer, as are required to consummate the transactions authorized by this Resolution.

**Section 11.** In the event that the Executive Director is unable to take any of the actions authorized in this Resolution, the Accounting Manager is hereby authorized to take any and all such action without further authorization or direction from the Board. All actions heretofore taken by the members of the Board, any Authorized Representative, the Accounting Manager, the General Counsel, or any other officers, agents or employees of the Issuer, with respect to the issuance of the Series 2023 Bonds, and the other transactions contemplated hereby (including the Refinancing, the Swap Terminations and the Swap Amendments), and by the Official Statement, are hereby ratified, confirmed and approved.

**Section 12.** The Issuer hereby adopts the Debt Policy.

**Section 13.** If any section, paragraph clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph or clause or provision shall not affect any of the remaining provisions of this Resolution.

**Section 14.** The Issuer hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

**Section 15.** This Resolution shall take effect immediately upon its adoption and approval.



**PASSED AND ADOPTED** by the Governing Board of the Sacramento Transportation  
Issuer this 10<sup>th</sup> day of August, 2023, by the following vote:

AYES: .....

NOES: .....

ABSENT: .....

ABSTAINING: .....

By: \_\_\_\_\_

Chairperson  
Sacramento Transportation Authority

ATTEST:

By: \_\_\_\_\_

Clerk of the Governing Board

APPROVED AS TO FORM:

By: \_\_\_\_\_

General Counsel

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 11, 2023**

**NEW ISSUE—BOOK ENTRY ONLY**

**RATINGS:**  
Fitch: “AAA”  
Outlook Stable  
S&P Global Ratings: “AAA”  
Outlook Stable  
(See “RATINGS”)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. See “TAX MATTERS” herein.*

**\$308,190,000\***  
**SACRAMENTO TRANSPORTATION AUTHORITY**  
**MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023**  
**(LIMITED TAX BONDS)**

Dated: Date of Delivery

Due: October 1 of each year as shown on the inside cover

The Sacramento Transportation Authority (the “Authority”) will issue the Bonds described herein (the “Series 2023 Bonds”) pursuant to an Indenture, dated as of September 1, 2009 (the “Original Indenture”), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of September 1, 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”). The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the “Indenture.”

The Series 2023 Bonds are limited obligations of the Authority secured by a pledge of Revenues (as defined herein) which consist of the Sales Tax Revenues and certain other moneys, as described herein. Sales Tax Revenues consist of sales tax revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the “2004 Measure A Sales Tax”), less certain administrative fees paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”). The 2004 Measure A Sales Tax was approved by more than 75% of the electorate of the County of Sacramento (the “County”) voting on the ballot measure in November 2004. Collection of the 2004 Measure A Sales Tax commenced April 1, 2009 and will expire on March 31, 2039. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

The Authority has previously issued bonds and incurred Parity Obligations (as defined herein), including the Authority’s Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2009 Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2014A Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds), in the outstanding principal amount of \$106,100,000 (the “Series 2015A Bonds”), and the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2022 (Limited Tax Bonds), in the outstanding principal amount of \$24,245,000 (the Series 2022 Bonds”) that are secured under the Indenture by the pledge of Revenues and payable on a parity with the Series 2023 Bonds. Subject to market conditions and the achievement of financial and policy goals established by the Authority’s Governing Board of Directors, the Authority plans to use the proceeds of the Series 2023 Bonds to refund all or a portion of the principal amount of the Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds. The Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds are collectively referred herein as the “Prior Bonds” and the Prior Bonds that will be refunded are referred to herein as the “Refunded Bonds.” The Authority expects to redeem the Refunded Bonds on the date of the delivery of the Series 2023 Bonds. Upon such redemption, the Refunded Bonds will no longer be outstanding under the Indenture. The Authority has incurred and may issue or incur additional Bonds, Parity Obligations, Subordinate Obligations or Fee and Expense Obligations in accordance with the terms of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

Proceeds from the sale of the Series 2023 Bonds along with other amounts held by the Trustee and contributed by the Authority will be (i) deposited with U.S. Bank Trust Company, National Association, as trustee for the Prior Bonds, to provide for the redemption of the Refunded Bonds, (ii) paid to the counterparties under the interest rate swap agreements relating to the Refunded Bonds in connection with the termination thereof, and (iii) use to pay Costs of Issuance with respect to the Series 2023 Bonds.

The Series 2023 Bonds will be dated their date of delivery. The principal amounts, interest rates and maturity dates of the Series 2023 Bonds are as set forth on the inside cover page. Interest on the Series 2023 Bonds will be paid each October 1 and April 1, commencing April 1, 2024. Investors may purchase Series 2023 Bonds in book-entry form only.

**The Series 2023 Bonds are subject to redemption prior to their maturity.** See “THE SERIES 2023 BONDS—Redemption of the Series 2023 Bonds” herein.

**By purchasing the Series 2023 Bonds, each Holder and each Beneficial Owner (each as herein defined) of the Series 2023 Bonds will be deemed to have irrevocably consented to the amendment of the definition of Debt Service in the Indenture.** See “BONDHOLDER CONSENT TO INDENTURE AMENDMENTS” herein.

**THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST, FROM REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2023 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY ARE NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2023 BONDS OR THEIR INTEREST. THE SERIES 2023 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 CERTAIN FUNDS HELD UNDER THE INDENTURE.**

The Series 2023 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its general counsel and by Nossaman LLP, Disclosure Counsel to the Authority, and for the Underwriters by their counsel, Kutak Rock LLP. It is expected that the Series 2023 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about September 7, 2023.

**BofA Securities**

**Siebert Williams Shank & Co., LLC Wells Fargo Securities**

Official Statement Dated: \_\_\_\_\_

**\$308,190,000**  
**SACRAMENTO TRANSPORTATION AUTHORITY**  
**MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023**  
**(LIMITED TAX BONDS)**

**Maturity Schedule**

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Price</u> ±	<u>Yield</u> ±	<u>CUSIP</u> †
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± Prices and yields have been provided by the Underwriters. See “UNDERWRITING” herein.

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*\*Preliminary, subject to change*

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 Series 2023 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 Authority, the Underwriters 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.

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 Official Statement.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2023 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 Series 2023 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. Preparation of this Official Statement and its distribution have been duly authorized and approved 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. Certain capitalized terms used but not defined herein are defined in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-Definitions."

Additional information, including financial information, concerning the Authority is available from publications and websites of the Authority and others. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

The Underwriters may offer and sell the Series 2023 Bonds to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields stated in the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

**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 that 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, or events, conditions or circumstances on which such statements are based occur.

**SACRAMENTO TRANSPORTATION AUTHORITY**

**Governing Board**

Rich Desmond  
Phil Serna  
Patrick Kennedy  
Katie Valenzuela  
Patrick Hume  
Eric Guerra  
Paul Sandhu  
Mai Vang

Donald Terry  
Caity Maple  
Karina Talamantes  
Rosario Rodriguez  
Kevin Spease  
Sue Frost  
Bobbie Singh-Allen  
Jayna Karpinski-Costa

**Alternate Board Members**

Shawn Farmer  
Nick Avdis  
Darren Suen  
Mike Kozlowski

Bret Daniels  
Siri Pulipati

**Administrative Staff**

Kevin Bewsey, Executive Director  
Dustin Purinton, Accounting Manager  
Jennifer Doll, Administrative Services Officer  
William Burke, General Counsel and Deputy County Counsel

**SPECIAL SERVICES**

**Municipal Advisor**

PFM Financial Advisors LLC  
San Francisco, California

**Bond Counsel**

Orrick, Herrington & Sutcliffe LLP  
Sacramento, California

**Disclosure Counsel**

Nossaman LLP  
Los Angeles, California

**Trustee**

U.S. Bank Trust Company, National Association  
San Francisco, California

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APPENDIX B	–	INFORMATION REGARDING THE COUNTY OF SACRAMENTO
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## OFFICIAL STATEMENT

**\$308,190,000\***

### **SACRAMENTO TRANSPORTATION AUTHORITY MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023 (LIMITED TAX BONDS)**

#### **INTRODUCTION AND PURPOSE OF THE SERIES 2023 BONDS**

*The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each document.*

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the Sacramento Transportation Authority (the “Authority”) of \$308,190,000\* aggregate principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Series 2023 Bonds”).

The Sacramento Transportation Authority (the “Authority”) will issue the Bonds described herein (the “Series 2023 Bonds”) pursuant to an Indenture, dated as of September 1, 2009 (the "Original Indenture"), as previously supplemented and amended, and the Eighth Supplemental Indenture, dated as of September 1, 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, in the Indenture.

Pursuant to the Local Transportation Authority and Improvement Act, being Division 19 of the Public Utilities Code of the State of California (Sections 180000 et seq.) (the “Act”), the Authority is authorized to issue indebtedness payable in whole or in part from Sales Tax Revenues (defined below).

The Series 2023 Bonds are limited obligations of the Authority secured by a pledge of Revenues (as defined herein) which consist of the Sales Tax Revenues and certain other moneys, as described herein. Sales Tax Revenues consist of sales tax revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the “2004 Measure A Sales Tax”), less certain administrative fees paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

*\*Preliminary, subject to change*

The 2004 Measure A Sales Tax was approved by more than 75% of the electorate of the County of Sacramento (the “County”) voting on the ballot measure in November 2004. Collection of the 2004 Measure A Sales Tax commenced April 1, 2009 and will expire on March 31, 2039.

The Series 2023 Bonds are secured by a pledge of Revenues under the Indenture and payable on a parity with the Authority’s Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2009 Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2014A Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds), in the outstanding principal amount of \$106,100,00 (the “Series 2015A Bonds”) and the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2022 (Limited Tax Bonds), in the outstanding principal amount of \$24,245,000 (the Series 2022 Bonds”). Subject to market conditions and the achievement of financial and policy goals established by the Authority’s Governing Board of Directors, the Authority plans to use the proceeds of the Series 2023 Bonds to refund all or a portion of the principal amount of the Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds. The Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds are collectively referred herein as the “Prior Bonds” and the portion of the Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds that will be refunded is referred to herein as the “Refunded Bonds.” The Authority expects to redeem the Refunded Bonds on the date of the delivery of the Series 2023 Bonds. Upon such redemption, the Refunded Bonds will no longer be outstanding under the Indenture.

The Series 2009C Bonds are variable rate bonds that are supported by a Standby Bond Purchase Agreement, dated as of August 1, 2013 (as subsequently amended in accordance with its terms, the “2009C Liquidity Facility”) with U.S. Bank National Association (the “2009C Liquidity Facility Provider”). The 2009C Liquidity Facility expires on November 20, 2027. The Series 2014A Bonds are variable rate bonds that are supported by a Standby Letter of Credit and Reimbursement Agreement dated as of October 1, 2019 (the “2014A Reimbursement Agreement”), between the Authority and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “2014A Liquidity Facility Provider”), pursuant to which the 2014A Liquidity Facility Provider issued its Standby Letter of Credit (the “2014A Standby Letter of Credit” and together with the 2014A Reimbursement Agreement, the “2014A Liquidity Facility”) supporting the purchase price of the Series 2014A Bonds. The 2014A Liquidity Facility expires on October 30, 2024. The Series 2015A Bonds are variable rate bonds that are supported by a Standby Letter of Credit and Reimbursement Agreement dated as of May 1, 2018 (the “2015A Reimbursement Agreement”), between the Authority and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “2015A Liquidity Facility Provider”), pursuant to which the 2015A Liquidity Facility Provider issued its Standby Letter of Credit (the “2015A Standby Letter of Credit” and together with the 2015A Reimbursement Agreement, the “2015A Liquidity Facility”) supporting the purchase price of the Series 2015A Bonds. The 2015A Liquidity Facility expires on May 11, 2028. None of the 2009C Liquidity Facility, the 2014A Liquidity Facility or the 2015A Liquidity Facility provides support or funds or security for the Series 2023 Bonds. The 2009C Liquidity Facility, the 2014A Liquidity Facility and the 2015A Liquidity Facility are collectively referred to herein as the “Existing Liquidity Facilities and each individually, an “Existing Liquidity Facility.” The 2009C Liquidity Facility Provider, 2014A Liquidity Facility Provider and 2015A Liquidity Facility Provider are collectively referred to herein as the “Existing Liquidity Facility Providers” and each individually, an “Existing Liquidity Facility Provider.” To the extent that any series of the Prior Bonds associated with an Existing Liquidity Facility is redeemed in whole, such related Existing Liquidity Facility will be terminated as of the date of redemption of such series. To the extent that a particular series of the Prior Bonds is redeemed only in part, such related Existing Liquidity Facility will not be terminated and the Authority expects that such Existing Liquidity Facility will be amended to reflect a commitment amount corresponding with the outstanding principal amount of such series of Prior Bonds.

Additional bonds and other obligations secured by a pledge of the Revenues and payable on a parity (the “Parity Obligations”) with the Series 2022 Bonds and the Series 2023 Bonds, and any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, may in the future be issued or incurred subject to satisfaction of certain requirements as set forth in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Additional Bonds and Parity Obligations.” The Series 2022 Bonds and the Series 2023 Bonds, and any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and any additional bonds hereafter authorized by, and at any time Outstanding under, the Indenture, are referred to collectively herein as the “Bonds.”

Other obligations of the Authority secured by a pledge of the Revenues (including Sales Tax Revenues) and payable on a basis subordinate to any Bonds and the Parity Obligations may hereafter be issued or incurred (the “Subordinate Obligations”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS - Subordinate Obligations” herein.

In October 2006 and in anticipation of certain variable rate demand bonds issued by the Authority in 2009 in an aggregate principal amount of \$318,300,000, the Authority entered into three interest rate swap agreements in an initial aggregate notional amount of \$318,300,000 (the “Initial Swaps” and each interest rate swap agreement, an “Initial Swap”), pursuant to which the Authority has agreed to pay to the counterparties a fixed rate of interest and each of the counterparties has agreed to pay the Authority a floating rate of interest. The Initial Swaps became effective as of October 1, 2009 and the notional amounts amortize in tandem with the amortization of the Series 2009C Bonds, the Series 2014A Bonds (which refunded another one series of the bonds originally issued in 2009) and the Series 2015A Bonds (which refunded another one series of the bonds originally issued in 2009). In connection with the issuance of the Series 2023 Bonds and the redemption of the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds, the Authority expects to terminate each Initial Swap corresponding to the series of Prior Bonds that is redeemed in whole. To the extent that a particular series of Prior Bonds is redeemed only in part, such related Initial Swap will be amended to reflect a notional amount corresponding to the with the outstanding principal amount of such series of Prior Bonds. To the extent not terminated upon the issuance of the Series 2023 Bonds, regularly scheduled payments on the Initial Swaps are secured under the Indenture as Parity Obligations and are payable on a parity with the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Initial Swap Agreements.”

To the extent any of the Initial Swaps and the Existing Liquidity Facilities are not terminated upon the issuance of the Series 2023 Bonds, the obligation of the Authority to make termination payments under the Initial Swaps, the obligation of the Authority to pay fees, expenses and other charges under the Existing Liquidity Facilities, and certain other obligations of the Authority which constitute fees, expenses and similar charges in connection with any Bonds, the Parity Obligations and the Subordinate Obligations that may be issued or incurred (collectively, the “Fee and Expense Obligations”) shall be payable on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations.

The purchase of the Series 2023 Bonds involves risks, certain of which are discussed under “RISK FACTORS” below.

See “CONTINUING DISCLOSURE” and APPENDIX F – “PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE” for a description of the continuing disclosure obligation undertaken by the Authority with respect to the Series 2023 Bonds.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all

terms and conditions. All statements herein are qualified in their entirety by reference to each such document, copies of which are available upon request from the Trustee.

## **BONDHOLDER CONSENT TO INDENTURE AMENDMENTS**

By purchasing the Series 2023 Bonds, each Holder and each Beneficial Owner of the Series 2023 Bonds will be deemed to have irrevocably consented to the amendment of the definition of Debt Service as defined in the Indenture, and to have approved, on behalf of themselves and all subsequent Holders and Beneficial Owners of the Series 2023 Bonds, the Indenture as amended, including as amended by the Eighth Supplemental Indenture. The current definition of Debt Service provides certain assumptions that are applicable when calculating Maximum Annual Debt Service and the Bond Reserve Requirement, including for the calculation of interest rate for taxable variable rate debt, that is, debt the interest on which is included or expected to be included in gross income for federal income tax purpose. For taxable variable rate debt, the current assumption is based on One Month USD LIBOR Rate as the reference rate. The amendments to the Indenture will replace One Month USD LIBOR Rate with SOFR Index as the reference rate. The Authority does not have any taxable variable rate debt outstanding. None of the Bonds, including the Series 2023 Bonds, are or will be secured by the Bond Reserve Fund. For a complete description of the amendments, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in the definitions of “Debt Service” and “SOFR Index.”

The amendments to the Indenture will become effective on the date which is the latter of the receipt of: (i) the consent of Holders of a majority in aggregate amount of Bonds, and (ii) the date on which the Authority and the Trustee receive consents to such amendments from each Existing Liquidity Facility Provider and each counterparty for the Initial Swap related to any of Prior Bonds that will remain outstanding upon the issuance of the Series 2023 Bonds. If all of the Prior Bonds are redeemed on the date of issuance of the Series 2023 Bonds, the amendments to the Indenture will become effective on such date.

## **THE SERIES 2023 BONDS**

### **General**

The Series 2023 Bonds are being issued by the Authority pursuant to the Indenture and the Act. The Series 2023 Bonds will be dated the date of delivery, and will bear interest at the rates and mature on the dates and in the principal amounts, all as shown on the inside cover page of this Official Statement.

The Series 2023 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2023 Bonds. Investors may purchase Series 2023 Bonds in book-entry form only. Beneficial Owners of the Series 2023 Bonds will not receive certificates representing their ownership interests in the Series 2023 Bonds purchased. Payments of principal and interest on the Series 2023 Bonds will be made to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2023 Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Authority. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

Interest on the Series 2023 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Authority will issue the Series 2023 Bonds as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Authority will pay interest on the Series 2023 Bonds on April 1 and October 1 of each year, commencing on April 1, 2024.

**Redemption of the Series 2023 Bonds**

**Optional Redemption.** The Series 2023 Bonds maturing on and after October 1, 20[ ] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 20[ ], as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

**Selection of Bonds for Optional Redemption.** The Authority shall designate which maturities of any Series 2023 Bonds are to be called for optional redemption. If less than all Series 2023 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2023 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Series 2023 Bonds so selected for redemption. For purposes of such selection, Series 2023 Bonds shall be deemed to be composed of multiples of minimum authorized denominations and any such multiple may be separately redeemed. In the event Series 2023 Bonds are designated for optional redemption, the Authority may designate the mandatory sinking fund redemption payments, or portions thereof, that are to be reduced as allocated to such optional redemption.

**Sufficient Funds Required for Optional Redemption.** Any optional redemption of Series 2023 Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of the Indenture 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 Series 2023 Bonds called for redemption.

**Notice of Optional Redemption.** Notice of redemption of the Series 2023 Bonds shall be provided in accordance with, and subject to, the provisions of the indenture; provided that, solely with respect to the Series 2023 Bonds, such notice shall be mailed by the Trustee not less than twenty (20) nor more than sixty (60) days prior to the redemption date.

**Mandatory Sinking Account Redemption.** The Series 2023 Bonds that are Term Bonds are subject to mandatory redemption from mandatory sinking account payments for the Series 2023 Bonds, on each date a mandatory sinking account payment for the Series 2023 Bonds 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 Series 2023 Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

Series 2023 Bonds due 20[ ]			
Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment	Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment
[ ]	\$[ ]	[ ]	\$[ ]

\* Final Maturity

**Selection of Bonds for Mandatory Sinking Account Redemption.** If less than all Series 2023 Bonds 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 Series 2023 Bonds of such maturity date to be redeemed by lot in any manner that it deems appropriate, provided that the Trustee shall promptly notify the Authority in writing of the numbers of the Series 2023 Bonds so selected for mandatory redemption. For purposes of such selection, Series 2023 Bonds shall 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 Series 2023 Bonds on the open market. In lieu of mandatory redemption, the Authority may surrender to the Trustee for cancellation Series 2023 Bonds purchased on the open market, and such Series 2023 Bonds shall be cancelled by the Trustee. If any Series 2023 Bonds are so cancelled, the Authority may designate the mandatory sinking account payments or portions thereof within the Series 2023 Bonds so purchased that are to be reduced as a result of such cancellation.

## DEBT SERVICE SCHEDULE

The following table shows the estimated annual debt service requirements on the Series 2009C Bonds, the Series 2014A Bonds, the Series 2015A Bonds, the Series 2022 Bonds and the Series 2023 Bonds before and after the issuance of the Series 2023 Bonds.

Fiscal Year Ending June 30	Series 2009C <sup>(1)</sup>	Series 2014A <sup>(2)</sup>	Series 2015A <sup>(3)</sup>	Series 2022	Series 2023			Combined Annual Debt Service Before Issuance of the Series 2023 Bonds	Combined Annual Debt Service After Issuance of the Series 2023 Bonds
					Principal	Interest	Debt Service		
2023	3,963,896	3,963,896	3,889,626	619,594				12,437,012	
2024	3,963,896	3,963,896	3,889,626	5,482,750				17,300,168	
2025	3,963,896	3,963,896	3,889,626	5,478,250				17,295,668	
2026	3,963,896	3,963,896	3,889,626	5,477,375				17,294,793	
2027	3,963,896	3,963,896	3,889,626	5,479,375				17,296,793	
2028	3,963,896	3,963,896	3,889,626	5,478,625				17,296,043	
2029	11,323,796	11,225,664	11,153,984	-			-	33,703,444	
2030	11,632,388	11,734,256	11,569,869	-			-	34,936,513	
2031	11,722,300	11,624,168	11,665,591	-			-	35,012,059	
2032	11,699,136	11,801,004	11,648,482	-			-	35,148,622	
2033	11,762,896	11,762,896	11,718,542	-			-	35,244,334	
2034	11,811,712	11,811,712	11,773,938	-			-	35,397,362	
2035	11,845,584	11,845,584	11,814,670	-			-	35,505,838	
2036	11,864,512	11,864,512	11,938,905	-	-		-	35,667,929	
2037	11,966,628	11,966,628	11,848,476	-	-		-	35,781,732	
2038	11,951,932	11,951,932	12,041,550	-	-		-	35,945,414	
2039	12,020,424	12,020,424	12,016,294	-	-		-	36,057,142	
<b>Total</b>	<b>\$153,384,684</b>	<b>\$153,392,156</b>	<b>\$152,528,057</b>	<b>\$28,015,969</b>				<b>\$487,320,866</b>	

Source: PFM Financial Advisors LLC

- (1) Includes Mandatory Sinking Account Payments on the Series 2009C Bonds. Interest on the Series 2009C Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparties pursuant to one of the Initial Swaps which is 3.736%. Does not include any liquidity costs or remarketing fees which are payable on a subordinated basis to debt service on the Series 2009C Bonds. All or a portion of the principal amount of the Series 2009C Bonds will be redeemed on the date of the issuance of the Series 2023 Bonds and the notional amount of the Initial Swap corresponding to the redeemed principal of Series 2009C Bonds will be terminated.
- (2) Includes Mandatory Sinking Account Payments on the Series 2014A Bonds. Interest on the Series 2014A Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparties pursuant to one of the Initial Swaps, which is 3.736%. Does not include any liquidity costs or remarketing fees which are payable on a subordinated basis to debt service on the Series 2014A Bonds. All of a portion of the principal amount of the Series 2014A Bonds will be redeemed on the date of the issuance of the Series 2023 Bonds and the notional amount of the Initial Swaps corresponding to the redeemed principal of Series 2014A Bonds will be terminated.
- (3) Includes Mandatory Sinking Account Payments on the Series 2015A Bonds. Interest on the Series 2015A Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparty pursuant to one of the Initial Swaps which is 3.666%. Does not include any liquidity costs or remarketing fees which are payable on a subordinated basis to debt service on the Series 2015A Bonds. All of a portion of the principal amount of the Series 2015A Bonds will be redeemed on the date of the issuance of the Series 2023 Bonds and a notional amount of the Initial Swaps corresponding to the redeemed principal of Series 2015A Bonds will be terminated.



## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

### Pledge of Revenues

The Series 2023 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 Fund and any Purchase Fund), subject to certain provisions of the Indenture. “Sales Tax Revenues” means all amounts available for distribution to the Authority on and after April 1, 2009 on account of the 2004 Measure A Sales Tax after deducting amounts payable by the Authority to the CDTFA for costs and expenses for its services in connection with the 2004 Measure A Sales Tax collected pursuant to the Act and levied pursuant to the 2004 Ordinance. For a general discussion of the 2004 Measure A Sales Tax, see “THE SALES TAX.” For a discussion of the historical Sales Tax Revenues, see “THE SALES TAX—Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues.”

As security for the payment of all amounts owing on Bonds, Parity Obligations, Subordinate Obligations and Fee and Expense Obligations in the amounts and with the priorities set forth in the Indenture, the Authority has irrevocably pledged to the Trustee the Revenues and other amounts described above, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

As of the date of issuance of the Series 2023 Bonds, the only outstanding obligations secured by the Revenues will be the Series 2022 Bonds and the Series 2023 Bonds, any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and the Initial Swaps and the Existing Liquidity Facilities corresponding to the portion of the principal amount of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, each of which constitutes a Parity Obligation. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS—Initial Swap Agreements” and “—Liquidity Facilities” herein.

**THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST THEREOF, FROM REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2023 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY ARE NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2023 BONDS OR THEIR INTEREST. THE SERIES 2023 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 CERTAIN FUNDS HELD UNDER THE INDENTURE.**

### Revenue Fund; Allocation of Sales Tax Revenues

As long as any Bonds are Outstanding or any Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and all other amounts payable under the Indenture remain unpaid, the Authority shall cause the CDTFA to transmit the Sales Tax Revenues directly to the Trustee. The Trustee will forthwith deposit all Sales Tax Revenues in the Revenue Fund, maintained and held in trust by the Trustee, when and as such Sales Tax Revenues are received by the Trustee. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax

Revenues.” The Sales Tax Revenues will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. Investment income on amounts held by the Trustee (other than amounts held in the Rebate Fund, any Letter of Credit Fund or any Purchase Fund or any Project Fund or for which particular instructions are provided) will also be deposited in the Revenue Fund.

So long as any Bonds remain Outstanding and Parity Obligations, Subordinate Obligations, Fee and Expense Obligations, and all other amounts payable under the Indenture remain unpaid, in each month following receipt and deposit of the Sales Tax Revenues in the Revenue Fund, the Trustee is required to set aside the moneys in the Revenue Fund in the following respective funds, amounts and order of priority (provided that (i) deficiencies in any previously required deposit will be made up prior to the deposit to a fund subsequent in priority, (ii) set asides or transfers required with respect to outstanding Parity Obligations shall be made on a parity basis each month, as provided in the Indenture (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 Parity Obligations) , (iii) payments on Interest Rate Swap Agreements that constitute Parity Obligations (which include the Initial Swaps corresponding with the Prior Bonds that will remain outstanding after the issuance of the Series 2023 Bonds) shall be payable from the Interest Fund and the required deposits described below shall be adjusted to include payments on such Interest Rate Swap Agreements in accordance with the provisions of the Indenture (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 Parity Obligations), and (iv) in the event any of the deposits or transfers requires more than one such deposit or payment and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the amount of such deposits and payments then due) to the extent of available moneys):

1. Interest Fund. The Indenture requires the Trustee to make monthly deposits in the Interest Fund in an amount equal to (a) one-sixth of the aggregate semiannual amount of interest becoming due and payable on Outstanding Current Interest Bonds (except Variable Rate Indebtedness) during the next ensuing six-months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of a Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six-months) until the requisite semiannual amount of interest on all Current Interest Bonds (except Variable Rate Indebtedness) is on deposit, provided that the amounts set aside in such fund with respect to a Series of Bonds from the date of delivery of such Series of Bonds to the first Interest Payment Date for 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 the first Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness calculated, if the actual rate of interest is not known, at the interest rate specified by the Authority, or if the Authority has not specified an interest rate, at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%); subject to such adjustments as are provided pursuant to the provisions of the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues.” No deposit is required to be made into the Interest Fund with respect to any Bonds 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 months on all Bonds issued under the Indenture and then Outstanding.

If there are Liquidity Facility Bonds outstanding at the time of any required deposits to the Interest Fund, such deposits shall take into account and include the Liquidity Facility Rate on Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds.

If any of the Prior Bonds remain outstanding after the issuance of the Series 2023 Bonds, Liquidity Facility Bonds will include the portion of Prior Bonds purchased with moneys drawn under the related Existing Liquidity Facility.

2. Principal Fund; Sinking Accounts. The Indenture also requires the Trustee to make monthly deposits in the Principal Fund in an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) 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 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 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 Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid.

In the event that the Sales Tax Revenues shall not be sufficient to make the required deposits so that moneys in the 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 Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis 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, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during 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 Principal Fund so long as there is in such fund (i) money sufficient to pay the Bond Obligations of all Serial Bonds 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 Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase 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 Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal

payments. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.”

If there are any Liquidity Facility Bonds outstanding at the time of any required deposits to the Principal Fund, such deposits shall take into account and include any amortizations of any Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds. For purposes of the provisions of the Indenture described above relating to the Principal Fund, Liquidity Facility Bonds shall be treated as Serial Bonds with maturity dates on the payment dates of any amortization or redemptions.

If any of the Prior Bonds remain outstanding after the issuance of the Series 2023 Bonds, Liquidity Facility Bonds will include the portion of Prior Bonds purchased with moneys drawn under the related Existing Liquidity Facility.

3. Bond Reserve Funds. The Indenture also requires the Trustee to make deposits to any of the Reserve Funds established pursuant to the provisions of the Indenture as soon as possible in each month in which any deficiency in any Reserve Fund occurs, until the balance in such Reserve Fund is at least equal to the applicable Bond Reserve Requirement. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” **No reserve fund will be established for the Series 2023 Bonds. The Series 2022 Bonds and the Prior Bonds (if any were to remain outstanding after the issuance of the Series 2023 Bonds) are also not secured by any reserve funds.**

4. Subordinate Obligations Fund. The Indenture also requires the Trustee to establish a Subordinate Obligations Fund. After the transfers described in (1), (2) and (3) above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Authority shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

5. Fees and Expenses Fund. The Indenture also requires the Trustee to establish a Fees and Expenses Fund. After the transfers described in (1), (2), (3) and (4) above have been made, the Trustee will deposit in each month in the Fees and Expenses Fund amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Authority.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues” for a more complete discussion.

After making the foregoing allocations, all Sales Tax Revenues will be transferred to the Authority and may be applied by the Authority for all lawful purposes of the Authority.

### **No Bond Reserve Fund**

**No Bond Reserve Fund will be established for the Series 2023 Bonds.** The Authority may establish other bond reserve funds relating to a particular Series of Bonds that would only be available to secure that particular Series of Bonds as well as other Series of Bonds as determined by the Authority.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of Funds and Accounts – Funding and Application of the Reserve Funds” and “– Funding of the Reserve Fund.”

## **Additional Bonds and Parity Obligations**

As of the date of issuance of the Series 2023 Bonds, the only outstanding obligations secured by the Revenues will be the Series 2022 Bonds and the Series 2023 Bonds, any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and the Initial Swaps and the Initial Liquidity Facilities corresponding to the principal amount of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds. The Authority may issue additional Bonds and may issue or incur other obligations secured in whole or in part by a pledge of the Revenues and payable on a parity with the Bonds, the regularly scheduled payments on the Initial Swaps relating to the portion, if any, of the principal amount of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds and any other Interest Rate Swap Agreements, subject to compliance with the terms and provisions set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds and Other Obligations.”

***Issuance of Additional Series of Bonds.*** The Authority may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2023 Bonds, but only upon compliance by the Authority with certain provisions of the Indenture. Some applicable provisions of the Indenture are described below:

(a) No Event of Default shall have occurred and then be continuing or the issuance of such Series of Bonds will cure any such Event of Default.

(b) If the Bonds of such Series are Participating Bonds, the Indenture requires that the balance on deposit in the Bond Reserve Fund be increased to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by the Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds. Said deposit may be made from the proceeds of the sale of Bonds of such Series or from other funds of the Authority or from both such sources or in the form of a Reserve Facility as described under APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions” and “Establishment and Application of Funds and Accounts – Funding and Application of Bond Reserve Funds.” None of the Series 2009C Bonds, the Series 2014A Bonds, the Series 2015A Bonds, the Series 2022 Bonds or the Series 2023 Bonds are Participating Bonds.

(c) The Authority shall have delivered to the Trustee a Certificate of the Authority, certifying that the lesser of (i) the amounts of Sales Tax Revenues for a period of 12 consecutive months (selected by the Authority) during the 18 months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 2.0 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued.

Nothing in the Indenture will prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of 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 Bonds or any portion thereof.

***Issuance of Refunding Bonds.*** Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture summarized above under paragraph (c) of the

caption “Issuance of Additional Series of Bonds;” provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds.

***Parity Obligations.*** As defined in the Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money, any obligation to pay the Rebate Requirement, the Initial Swaps corresponding to the portion, if any of the principal amount of the Prior Bonds that will remain outstanding after the issuance of the Series 2023 Bonds, and any other 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 on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations) entered into in connection with a Series of Bonds, in each case incurred in accordance with the provisions of the Indenture described herein and secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a parity with the Bonds (whether or not any Bonds are Outstanding). The Authority may issue or incur additional Parity Obligations provided that the conditions to the issuance of such Parity Obligations set forth in the Indenture are satisfied, including satisfaction of the coverage test described in subsection (c) above under the caption “Issuance of Additional Series of Bonds,” unless such Parity Obligations are being issued for refunding purposes, in which case the Authority may comply with the provisions of the Indenture described under the caption “Issuance of Refunding Bonds;” provided, however that if the Parity Obligation being issued or incurred consists of an Interest Rate Swap Agreement (excluding fees and expenses and termination payments on such Interest Rate Swap Agreement), the Authority is deemed to have complied with the requirements of the Indenture, as evidenced by a certificate of the Authority delivered to the Trustee, which certificate sets forth the computations upon which such certificate is based, to the extent that the Series of Bonds to which the Interest Rate Swap Agreement relates (x) satisfies the coverage test described in subsection (c) above under the caption “Issuance of Additional Series of Bonds” after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into concurrently with, or subsequent to, the issuance of such Bonds), or (y) is expected to satisfy the coverage test described in subsection (c) above under the caption “Issuance of Additional Series of Bonds” after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into in advance of the issuance of such Bonds).

### **Initial Swap Agreements**

On October 12, 2006, the Governing Board of the Authority adopted policies concerning interest rate exchange agreements (the “Swap Policy”). A copy of the Swap Policy is available upon request from the Authority. On October 18, 2006, the Authority entered into three interest rate swap agreements (each, an “Interest Rate Swap Agreement,” and hereinafter collectively referred to as the “Initial Swaps”) with Bank of America, N.A., Goldman Sachs Capital Markets, L.P. and Bear Stearns Financial Products Inc. (each, a “Counterparty,” and hereinafter collectively referred to as the “Counterparties”), respectively. On April 14, 2009, the Interest Rate Swap Agreement with Bear Stearns Financial Products Inc. was assigned to JPMorgan Chase Bank, National Association.

Each Interest Rate Swap Agreement has a notional amount of \$106,100,000, for a total combined notional amount of \$318,300,000, which will amortize in tandem with the amortization of the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds. Under the terms of each of the Initial Swaps, the Authority agreed to pay to each of the counterparties, with an effective date of October

1, 2009, a fixed interest rate and each of the counterparties agreed to pay to the Authority a floating rate of interest, based on amortizing notional amounts tied to a formula based on 67% of one-month USD-LIBOR-BBA with respect to two of the Initial Swaps and 67% of three-month USD-LIBOR-BBA with respect to one of the Initial Swaps.

On October 23, 2020, the International Swaps and Derivatives Association, Inc. published a multilateral “protocol” through which existing legacy swap contracts may be amended to incorporate provisions addressing the trigger events leading to replacement of LIBOR, as well as the replacement of LIBOR with a rate based on adjusted Secured Overnight Financing Rate (“SOFR”). This protocol became effective on January 25, 2021 and is referred to as the “ISDA 2020 IBOR Fallbacks Protocol.”

The Authority and the counterparties to the Initial Swaps adhered to the ISDA IBOR 2020 Fallbacks Protocol for the Initial Swaps. Under the terms of each of the Initial Swaps as revised pursuant to the ISDA IBOR 2020 Fallbacks Protocol, which became effective upon the occurrence of a trigger event relating to the discontinuance of LIBOR on June 30, 2023, one-month USD-LIBOR-BBA has been converted to SOFR compounded in arrears for each calculation period plus a specified spread adjustment and three-month USD-LIBOR-BBA has been converted to SOFR compounded in arrears for each three-month calculation period plus a specified spread of adjustment. See “RISK FACTORS—Factors Relating to the Initial Swaps.”

Each Interest Rate Swap Agreement terminates on October 1, 2038. Notional amortization under the Initial Swaps matches the sinking fund redemption schedule for the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds. Under certain circumstances, the Counterparties are required to post eligible collateral to secure their obligations to the Authority; there is no requirement on the part of the Authority to post collateral.

In connection with the issuance of the Series 2023 Bonds and the redemption of the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds, the Authority expects to terminate each Initial Swap corresponding to the series of Prior Bonds that is redeemed in whole. To the extent that a particular series of Prior Bonds is redeemed only in part, such related Initial Swap will be amended to reflect a notional amount corresponding to with the outstanding principal amount of such series of Prior Bonds. To the extent not terminated upon the issuance of the Series 2023 Bonds, regularly scheduled payments by the Authority to the Counterparties under the Initial Swaps constitute a Parity Obligation under the Indenture and are secured by the pledge of Sales Tax Revenues and payable on a parity basis with the Series 2023 Bonds

Under certain circumstances, the Initial Swaps may be terminated, at which time the Authority may be required to make a termination payment to the applicable Counterparty, which may be substantial. As of July 31, 2023, the mark-to-market valuation of the Initial Swaps was approximately \$30,295,198.00 (the cost to the Authority to terminate the Initial Swaps). As described above, the Authority expects to terminate the Initial Swap corresponding with the related series of Prior Bonds that will be redeemed and use a portion of the proceeds of the Series 2023 Bonds to pay the associated termination fee.

Termination payments payable pursuant to the Initial Swaps constitute Fee and Expense Obligations under the Indenture and are secured by the pledge of Sales Tax Revenues and payable on a basis subordinate to the Series 2023 Bonds, the Series 2022 Bonds, the portion of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, the Parity Obligations and the Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS.”

## Liquidity Facilities

The Series 2009C Bonds are variable rate bonds that are supported by the 2009C Liquidity Facility. The 2009C Liquidity Facility expires on November 20, 2027. The Series 2014A Bonds are variable rate bonds that are supported the 2014A Liquidity Facility. The 2014A Liquidity Facility expires on October 30, 2024. The Series 2015A Bonds are variable rate bonds that are supported by the 2015A Liquidity Facility. The 2015A Liquidity Facility expires on May 11, 2028. None of the 2009C Liquidity Facility, the 2014A Liquidity Facility or the 2015A Liquidity Facility provides support, funds or secures the Series 2023 Bonds. The 2009C Liquidity Facility, the 20144A Liquidity Facility and the 2015A Liquidity Facility are referred to collectively herein at times as the “Existing Liquidity Facilities” and each individually an “Existing Liquidity Facility.” To the extent that any series of the Prior Bonds associated with an Existing Liquidity Facility is redeemed in whole, such related Existing Liquidity Facility will be terminated as of the date of redemption of such series. To the extent that a particular series of the Prior Bonds is redeemed only in part, such related Existing Liquidity Facility will not be terminated and the Authority expects that such Existing Liquidity Facility will be amended to reflect a commitment amount corresponding with the outstanding principal amount of such series of Prior Bones.

The payment of principal and interest on the portion, if any, of the principal amount of the Prior Bonds that will remain after issuance of the Series 2023 Bonds (including any such bonds owned by the respective liquidity provider) are secured as Parity Obligations under the Indenture. The payment of fees and expenses and other charges under the Existing Liquidity Facilities are secured as Fee and Expense Obligations under the Indenture.

If any of the Existing Liquidity Facilities expire and the Authority is unable to secure a replacement liquidity facility, the Series of Prior Bonds relating to such expired Existing Liquidity Facility will be subject to mandatory tender for purchase by the holders thereof upon such expiration and such Existing Liquidity Facility will be accessed to pay the purchase price of such tendered bonds if not earlier terminated.

Under each Existing Liquidity Facility, the Authority is required to reimburse the liquidity provider for any amounts paid by the liquidity provider under the applicable Existing Liquidity Facility on the same day the amount is paid. Amounts owed to the liquidity provider bear interest at a specified rate. The Authority is also required to pay certain fees to the liquidity provider in addition to the liquidity provider’s costs, expenses and certain taxes.

In the event that an Existing Liquidity Facility is used to purchase the related series of Prior Bonds which are supported by such Existing Liquidity Facility and tendered for purchase by the holders thereof, each Existing Liquidity Facility provides that the liquidity provider becomes the holder of such bonds (which are “Liquidity Provider Bonds” under the Indenture), and, subject to the satisfaction of certain conditions, the Authority is required to repay such Liquidity Provider Bonds over a five year period, at an increased interest rate. If the conditions are not satisfied in such circumstances, the Liquidity Provider Bonds will be immediately due and payable.

Each Existing Liquidity Facility contains a number of covenants and agreements on the part of the Authority, and specifies events of default (which may include failure of the Authority to maintain credit ratings at specified levels), and remedies. Remedies of the liquidity provider generally include the right to cause a mandatory tender of the series of Prior Bonds supported by the applicable Existing Liquidity Facility.

If an Existing Liquidity Facility expires and the Authority is unable to secure a replacement liquidity facility, the series of Prior Bonds supported by the expiring Existing Liquidity Facility will be



subject to mandatory tender for purchase by the holders thereof upon such expiration, and the Existing Liquidity Facility will be accessed to pay the purchase price of such tendered bonds if not earlier terminated.

Redacted copies of the 2009C Liquidity Facility, the 2014A Liquidity Facility and the 2015A Liquidity Facility can be found on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

**Subordinate Obligations**

Except to the extent restricted by the Indenture, the Authority may issue or incur obligations (“Subordinate Obligations”) payable out of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal and interest requirements for the Series 2022 Bonds and the Series 2023 Bonds, any portion of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable. Any termination payments under the Authority’s Initial Swaps and fees and expenses due under the Initial Liquidity Facilities are payable on a basis subordinate to the Subordinate Obligations.

**PLAN OF REFUNDING**

The Authority plans to use a portion of the proceeds from the sale of the Series 2023 Bonds to redeem all or a portion of the Prior Bonds on the date of delivery of the Series 2023 Bonds, and pay the termination amount payable by the Authority under any Initial Swap that is terminated in connection with the redemption of all or a portion of the Prior Bonds. The principal amount of the Prior Bonds to be redeemed is subject to market conditions at the time and the achievement of certain financial and policy goals established by the Authority’s Governing Board of Directors.

**ESTIMATED SOURCES AND USES OF FUNDS**

The following are the estimated sources and uses of funds with respect to the Series 2023 Bonds and the plan of refunding:

**SOURCES:**

Principal Amount of Series 2023 Bonds	\$
Original Issue Premium relating to Series 2023 Bonds	\$
Debt service funds related to the Prior Bonds	\$

**TOTAL SOURCES**

**\$**

**USES:**

Redemption Fund	\$
Costs of Issuance <sup>(1)</sup>	\$
Swap Termination Payments	\$

**TOTAL USES**

**\$**

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<sup>(1)</sup> Costs of issuance include rating agencies, legal and municipal advisory fees, printing costs, Underwriters’ discount; fees of the Trustee and other miscellaneous expenses.

## SACRAMENTO TRANSPORTATION AUTHORITY

### General

The Authority was created in 1988 as a local transportation authority pursuant to the Act. The Authority is primarily responsible for administering the Sacramento County Transportation Expenditure Plan 2009-2039 (the “2004 Expenditure Plan”). See “SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN” below. The Authority also administers the Sacramento Metropolitan Freeway Service Patrol program in cooperation with the California Department of Transportation and the California Highway Patrol. This program’s primary objective is to reduce traffic congestion caused by roadway incidents. The Authority Governing Board and staff also serve as the Governing Board and staff of the Sacramento Abandoned Vehicle Service Authority (SAVSA) which provides funding to participating local jurisdictions for the abatement of abandoned vehicles and vehicle parts on streets and private property. The SAVSA program sunset in April 2022. Currently, the Authority is pursuing options to reinstate the program.

By resolution of the Board of Supervisors of the County, adopted pursuant to the Act, the Governing Board of the Authority is determined in the following manner: five members are appointed by the Board of Supervisors of the County; five members are appointed by the City Council of the City of Sacramento; two members are appointed by the City of Elk Grove; one member is appointed collectively by the City Councils of the Cities of Galt and Isleton; and one member is appointed by each of the City Councils of the Cities of Citrus Heights, Folsom and Rancho Cordova. In addition, the city council of an existing or future city within the County that attains an incorporated population of 50,000 is entitled to appoint one member to the Governing Body of the Authority. A city may also appoint an additional member to the Governing Body of the Authority (up to a maximum of five members) for every 100,000 increment in its incorporated population above the threshold population of 50,000.

Pursuant to the Act, members of the Governing Board of the Authority serve staggered terms of not more than four years. The Act requires a two-thirds vote of the Governing Board of the Authority in order to issue any limited tax bonds including any Additional Bonds.

### Administrative Staff

Key members of the Authority’s administrative staff include the following:

KEVIN BEWSEY – Executive Director since June 2022. Mr. Bewsey manages the day-to-day operations of the Sacramento Transportation Authority under the direction of a sixteen-member Governing Board of elected officials. Prior to joining the Authority, he worked for the County of Sacramento and City of Elk Grove for six years where he also served on the Authority’s professional advisory group. His previous experience also includes working for a national consulting firm on transportation programs and projects for 10 years. Mr. Bewsey received his B.S. in Mechanical Engineering from California State University, Sacramento and is a registered professional engineer in California.

DUSTIN PURINTON – Accounting Manager since September 2022. Mr. Purinton manages all of the Authority’s financial reporting and day-to-day accounting functions. Prior to joining the Authority, he worked for 5 years as a senior accountant auditor for the City of Sacramento, with the previous 10 years working in accounting and audit firms. Mr. Purinton received his B.S. in Business Administration - Accounting from California State Polytechnic University, Pomona and is an active Certified Public Accountant.

JENNIFER DOLL – Administrative Services Officer since June 2016. Ms. Doll manages the Sacramento Metropolitan Freeway Service Patrol program and the Sacramento Abandoned Vehicle Abatement Program and provides general administrative support. Ms. Doll was elected and served as Chair of the Statewide Motorist Aid Committee from October 2017-October 2018. Prior to her current appointment, Ms. Doll served the Authority since 2013 as Executive Assistant. Ms. Doll holds a B.A. degree from California State University, Sacramento.

WILLIAM BURKE – General Counsel for the Authority since March 1, 2009 and Deputy County Counsel for the County of Sacramento since October 2005. Prior to joining County Counsel, Mr. Burke worked for Remy, Thomas, Moose & Manley, LLP, an environmental law firm located in Sacramento. Mr. Burke graduated from the University of California, Davis, School of Law in 2000 and holds a B.A. in political science from the University of California, San Diego.

## **THE SALES TAX**

### **Authorization, Application and Collection of the 2004 Measure A Sales Tax**

In November of 2004, more than 75% of the voters in the County voting on such ballot measure approved Measure A (“2004 Measure A”), implementing a 30-year half-cent sales tax that became effective on April 1, 2009 and which expires on March 31, 2039. The 2004 Measure A Sales Tax is a special retail transactions and use tax of one half of one percent (0.5%) of the gross receipts of retailers from the sale of all tangible personal property sold at retail in the County and a use tax at the same rate 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 exceptions. The 2004 Measure A Sales Tax is authorized under the Authority’s Ordinance No. STA 04-01 (the “2004 Ordinance”). As part of the 2004 Ordinance, the Authority also adopted a new Sacramento County Transportation Expenditure Plan 2009-2039 (the “2004 Transportation Expenditure Plan”) which governs the expenditure of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee (as defined below). See “SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN” below.

Collection of the 2004 Measure A Sales Tax is administered by the California Department of Tax and Fee Administration (“CDTFA”) which imposes a charge for administration. The Authority has authorized the CDTFA to make payment of Sales Tax Revenues directly to the Trustee after deducting the costs of administering the 2004 Measure A Sales Tax. The Taxpayer Transparency and Fairness Act of 2017 restructured the Board of Equalization, which previously administered the collection of the 2004 Measure A Sales Tax, into three separate entities: the Board of Equalization, the CDTFA and the Office of Tax Appeals. Since July 1, 2017, collection of the 2004 Measure A Sales Tax has been administered by the CDTFA pursuant to an agreement with the Authority. Upon receipt of the Sales Tax Revenues, the Trustee will retain the Sales Tax Revenues. Once the Trustee applies the Sales Tax Revenues to meet the payment requirements required by the Indenture, the balance of the Sales Tax Revenues will then be forwarded to the Authority to be applied by the Authority for all lawful Authority purposes.

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**Sacramento Transportation Authority  
Historical 1988 Measure A and 2004 Measure A Sales Tax Revenues  
Fiscal Years Ended June 30, 2023**

Fiscal Year Ended June 30	1988 Measure A and 2004 Measure A Sales Tax Revenues <sup>(1)</sup>	Percent Increase (Decrease)
1990	\$ 55,324,666	-
1991	51,583,341	(6.76)%
1992	50,691,901	(1.73)
1993	54,645,978	7.80
1994	51,883,457	(5.05)
1995	56,072,450	8.07
1996	59,086,587	5.37
1997	60,427,602	2.27
1998	65,056,187	7.66
1999	69,163,509	6.31
2000	77,964,580	12.72
2001	87,928,731	12.78
2002	84,500,999	(3.90)
2003	89,974,536	6.48
2004	97,159,755	7.99
2005	102,385,507	5.38
2006	109,688,836	7.13
2007	105,366,507	(3.94)
2008	101,155,680	(4.00)
2009	89,395,168	(11.63)
2010	81,413,982	(8.93)
2011	87,299,421	7.23
2012	92,239,996	5.66
2013	97,390,177	5.58
2014	100,063,237	2.74
2015	105,564,247	5.50
2016	110,707,633	4.87
2017	116,877,996	5.57
2018	119,187,748	1.98
2019	131,757,081	10.55
2020	131,591,164	(0.13)
2021	153,560,355	16.70
2022	172,916,487	12.60
2023 (2)	176,143,000	1.87

Source: Audited financial statements

- (1) 1988 Measure A Sales Tax Revenues expired on March 31, 2009. Totals for Fiscal Year 2008-09 include both 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues.
- (2) 2022 Measure A Sales Tax Revenues for Fiscal Year 2022-23 are based on actual receipts through May, 2023, as well as projections for the remainder of the Fiscal Year provided by the Authority's sales tax revenue consultants, Avenu Insights, in March 2023.

For a summary of historical taxable retail sales within the County see the table under the section “Commercial Activity” in APPENDIX B of this Official Statement.

Historically, the 2004 Measure A Sales Tax Revenues for a quarterly period were paid to the Authority over a four-month period, with advances approximating tax receipts for a particular month being made two months later and a clean-up payment being made for the quarter in the third month of the subsequent quarter. For example, the 2004 Measure A Sales Tax Revenues representing sales activity generally occurring in the April, May and June 2017 quarter were paid to the Authority in four payments occurring in June (representing the advance for April), July (representing the advance for May), and August (representing the advance for June with a true-up payment for the fourth quarter occurring in September 2017). In May 2018, CDTFA implemented a new Centralized Revenue Opportunity System (“CROS”) which changed the allocation schedule and resulted in tax distributions to local governments being accelerated. Under CROS, the 2004 Measure A Sales Tax Revenues for a quarterly period are paid to the Authority over a three-month period, with advances approximating tax receipts for a particular month being made two months later and a clean-up payment being made for the quarter in the second month of the subsequent quarter.

The following table shows the amount of Sales Tax Revenues collected on a quarterly basis for Fiscal Years 2020-2021, 2021-2022 and 2022-2023 and the percentage increase or decrease from the previous fiscal year quarter and the same quarter from the prior fiscal year.

**Sacramento Transportation Authority  
Quarterly Historical 2004 Measure A Sales Tax Revenues  
Fiscal Years Ended June 30, 2021, June 30, 2022 and June 30, 2023**

	1 <sup>st</sup> Quarter (July 1 – September 30)	2 <sup>nd</sup> Quarter (October 1 – December 31)	3 <sup>rd</sup> Quarter (January 1 – March 31)	4 <sup>th</sup> Quarter (April 1 – June 30)	TOTAL
2021	\$37,053,942	\$37,120,972	\$35,474,033	\$43,911,408	\$153,560,355
2022	\$42,046,511	\$44,252,577	\$41,101,465	\$45,515,934	\$172,916,487
2023	\$44,194,060	\$45,110,827	\$40,384,978	\$46,453,135*	\$176,143,000*
% FY 2020-21 Change from previous quarter same Fiscal Year	8.68%	1.53%	32.28%	28.71%	
% FY 2021-22 Change from same quarter prior Fiscal Year	13.47%	19.21%	15.86%	3.65%	
% FY 2022-23 change from same quarter prior Fiscal Year*	5.11%	1.94%	-1.74%	2.06%	

Source: The Authority.

\*FY 2022-23 based on actual receipts through May, 2023, as well as projections for the remainder of the Fiscal Year provided by the Authority’s sales tax revenue consultants, Avenu Insights, in March 2023 .

Assuming audited 2004 Measure A Sales Tax Revenues of \$176,143,000 for the Fiscal Year ended June 30, 2023 (based on actual receipts for the first two quarters and estimated for the third and fourth quarter) will remain constant for the life of the Series 2023 Bonds and using the Debt Service Schedule set forth above under “DEBT SERVICE SCHEDULE,” 2004 Measure A Sales Tax Revenues will be \_\_\_\_\_ times annual debt service on the portion of the Prior Bonds remaining after issuance of the Series 2023 Bonds, the Series 2022 Bonds and the Series 2023 Bonds.

Neither the Authority’s independent auditors, nor any other independent accountants or any other persons, have compiled, examined or performed any procedures with respect to the unaudited financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the unaudited financial information.

## **SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN**

### **General**

With the adoption of 2004 Measure A and the 2004 Measure A Sales Tax, County voters also approved the Sacramento Countywide Transportation Mitigation Fee Program which authorized the imposition of a mitigation fee on certain new commercial and residential development in Sacramento County (the “2004 Measure A Impact Fee”) to assist in funding road and transit system improvements needed to accommodate projected growth and development. Pursuant to the 2004 Ordinance, the Authority developed, in coordination with all local government jurisdictions, a process to identify the appropriate impact fees to be charged and each local government jurisdiction adopted and implemented the resulting fee program within its jurisdiction effective April 1, 2009.

**No 2004 Measure A Impact Fees are pledged under the Indenture. The Series 2023 Bonds are not secured by the 2004 Measure A Impact Fees.**

Application of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee is governed by the 2004 Ordinance. As part of the 2004 Ordinance, the Governing Board adopted and County voters approved the Sacramento County Transportation Expenditure Plan 2009-2039 (the “2004 Expenditure Plan”). In July 2009, the Governing Board updated the revenue projections from the 2004 Measure A Sales Tax used in the 2004 Expenditure Plan.

Under the 2004 Expenditure Plan, 2004 Measure A Sales Taxes and 2004 Measure A Impact Fees are allocated among certain transportation, public transit and environmental mitigation programs. These allocations are made after required deposits of Sales Tax Revenues are made to funds held under the Indenture for payments of the Bonds and other obligations secured by Sales Tax Revenues, as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Revenue Fund; Allocation of Sales Tax Revenues” above. A brief description of the allocations and each program is set forth below.

After deduction of all required CDTFA fees and authorized costs, revenues received from 2004 Measure A Sales Taxes (after deposits to the Revenue Fund as described under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS—Revenue Fund; Allocation of Sales Tax Revenues”) and 2004 Measure A Impact Fees are to be distributed by formula allocation to local government and transit agencies as described in the 2004 Expenditure Plan. Any remaining funds received are maintained and expended by the Authority at the discretion of the Governing Board.

Allocation of the 2004 Measure A Sales Taxes (after such deposits to the Revenue Fund) and 2004 Measure A Impact Fees is as described below.

*Local Road Maintenance, Safety and Congestion Relief Program.* 38% of the 2004 Measure A Sales Tax revenue and 35% of the 2004 Measure A Impact Fee revenue is allocated to the Authority's Local Road Maintenance, Safety and Congestion Relief Program. These revenues are further allocated as follows:

30% of 2004 Measure A Sales Tax revenue is to be distributed among local jurisdictions for city street and county road maintenance. Distribution among the cities and unincorporated County area is to be based 75% on relative population and 25% on total street and road mileage. The formula will be updated annually based upon California Department of Finance estimates of population for cities and counties. Under the 2004 Expenditure Plan, evidence of maintenance of effort is required. Each local jurisdiction receiving funds is required to file with the Authority a pavement and bridge maintenance system report on a biennial basis regarding progress in maintaining local streets and roads. The report is to be in a form which can be audited on a biennial basis by the Independent Taxpayer Oversight Committee ("ITOC") established under the 2004 Expenditure Plan. See – "*Independent Taxpayer Oversight Committee*" below. As of March 2023, it was estimated that over the life of the 2004 Expenditure Plan 30% of the 2004 Measure A Sales Tax revenue would be approximately \$1,289,772,224 (2023 dollars).

The remaining 8% of the 2004 Measure A Sales Tax revenue and the entire 35% of the 2004 Measure A Impact Fee revenue is allocated to the local arterial safety and traffic operations improvements program. The 8% portion of the Sales Tax Revenues is further divided. 5% is to be expended under the local arterial program and 3% of Sales Tax Revenues is allocated to fund the traffic control and safety program distributed among the cities and the unincorporated area of the County. As of March 2023, it was estimated that over the life of the 2004 Expenditure Plan, 35% of the 2004 Measure A Impact Fees would generate approximately \$64,167,634 (2023 dollars) and 8% of the Sales Tax Revenues would be approximately \$343,939,260 (2023 dollars).

*Transit Congestion Relief Program.* 38.25% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund transit capital improvements and provide funding for operating and maintaining those improvements. These funds are to be directly subvented to Sacramento Regional Transit District based on a five-year transit capital and operating business plan to be updated annually as recommended by the Sacramento Regional Transit District and approved by the Governing Board. It was estimated as of March 2023 that over the life of the 2004 Expenditure Plan, approximately \$1,644,459,585 (2023 dollars) would be available from 2004 Measure A Sales Tax revenue and approximately \$36,667,220 (2023 dollars) from 2004 Measure A Impact Fees.

*Freeway Safety and Congestion Relief Program.* 12% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund congestion relief projects on the freeway system in the County. The program is separated into two general categories: regional bus and carpool lane connections and extensions and local freeway interchange congestion relief upgrades. As of March 2023, it was estimated that over the life of the 2004 Expenditure Program, approximately \$515,908,889 (2023 dollars) in 2004 Measure A Sales Tax revenue and approximately \$36,667,220 (2023 dollars) in 2004 Measure A Impact Fees would be available to fund this program.

*Capital Improvement Program.* The Capital Improvement Program (CIP) (20.75% of the 2004 Measure A Sales Tax revenue) is comprised of the Local Arterial Program (5%), Transit Capital Improvement Program (3.75%), Regional Bus/Carpool Lane Connectors/Extensions (9%), and Local Freeway Interchange Congestion Relief Upgrades (3%). These programs are described above individually

but are all included in the CIP as 2004 Measure A Sales Tax revenue that is received by the Authority for allocation on a project by project basis and for debt service.

*Other Programs.* The remaining portions of the 2004 Measure A Sales Tax and 2004 Measure A Impact Fee revenues are to be allocated to a variety of other transportation and transit-related programs such as senior and disabled transportation services, safety, streetscaping, pedestrian and bicycle facilities, the transportation-related air-quality program, the smart growth incentive program, environmental mitigation and for general program administration and costs of the Independent Taxpayer Oversight Committee.

*Independent Taxpayer Oversight Committee.* Adoption of 2004 Measure A resulted in the creation of an Independent Taxpayer Oversight Committee (“ITOC”). Pursuant to the 2004 Expenditure Plan, the Authority and each agency receiving an allocation of 2004 Measure A Sales Tax revenue is required to undergo an annual audit supervised by the ITOC performed in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller of the United States. Compliance audits are also required to ensure that each agency is expending the funds in accordance with 2004 Measure A guidelines.

### **Future Financing Plans**

The 2004 Expenditure Plan has been funded through a combination of pay-as-you-go and bond financing. The principal amount of additional Bonds or other financing instruments that may be issued by the Authority and the timing of any such issuance or issuances will be determined by the Authority based on a variety of factors including the costs and timing of design and construction of the transportation projects to be financed and the resources then available. The 2004 Ordinance requires that the amount of debt in any given year be limited to the principal, interest, and other charges that can be paid with 20.75% of the net proceeds for the 2004 Measure A Sales Tax. The issuance of additional Bonds is subject to the requirements of the Indenture. The Authority has no current plans to issue additional Bonds in the near future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Additional Bonds and Parity Obligations.”

## **RISK FACTORS**

### **COVID-19 Pandemic**

The late 2019 outbreak of the new highly transmissible strain of coronavirus and the disease it causes (known as COVID-19), had spread across the globe. At that time, the World Health Organization (the “WHO”) declared the outbreak of COVID-19 to be a pandemic, and states of emergency were declared in the United States (the “U.S.”), the State of California, and numerous counties throughout the State, including Sacramento County.

The COVID-19 pandemic and the governmental actions to respond to and control the outbreak at the time materially altered the behavior of people and disrupted business activity, resulting in a significant contraction of the national, state and local economies. Employment data released since the imposition of governmental restrictions on activities showed a dramatic increase in unemployment rates; currently, unemployment rates have returned to pre-pandemic levels. In addition, domestic and international stock markets experienced declines in market value followed the onset of the outbreak. Rebounds in the global financial markets have since occurred.

The Governor of California lifted most statewide COVID-19 restrictions on June 15, 2021. On May 5, 2023, the WHO Director General announced that COVID-19 no longer be a public health



emergency of international concern. The United States Department of Health and Human Services lifted the federal health emergency relating to COVID-19 on May 11, 2023. Restrictions, however, may be re-imposed in various jurisdictions from time to time as local conditions warrant.

The Authority cannot predict (i) the duration or extent of the COVID-19 outbreak; (ii) the effectiveness of and ability to reach wide spread distribution of vaccines and the period of time therefor (iii) whether and to what extent COVID-19 may have on the operations of the Authority and the revenues of the Authority; (iv) whether and to what extent COVID-19 may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact construction, the cost, sources of funds, schedule or implementation of the Authority's capital improvement program, or other Authority operations; (v) the ramifications of future actions that may be taken or required by governmental authorities to respond to the effects of the pandemic, including additional stimulus efforts by the federal government; (vi) the pace at which the economy can re-open; (vii) the speed of the ensuing economic recovery; or (viii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Authority.

### **Economy of the County and the State Following Economic Downturns**

The Series 2023 Bonds are secured by a pledge of Sales Tax Revenues, which consist of the 2004 Measure A 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. As a result, any substantial deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the amount of Sales Tax Revenues and therefore upon the ability of the Authority to pay principal of and interest on the Series 2023 Bonds. For certain information relating to economic conditions within the County see APPENDIX B - "INFORMATION REGARDING THE COUNTY OF SACRAMENTO" which is the most current information available from the sources cited therein; however, the information in APPENDIX B has not been updated to reflect the most recent economic conditions which may exist in the County.

### **The Sales Tax**

With limited exceptions, the 2004 Measure A Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the 2004 Measure A 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 "Proposition 218" below. For a further description of the 2004 Measure A Sales Tax, see "THE SALES TAX."

### **State and Local Sales Tax**

The 2004 Measure A Sales Tax is in addition to the 7.25% sales and use tax levied statewide by the State of California. Combined with the 2004 Measure A Sales Tax, this State sales tax results in transactions in the County being taxed at an effective rate of 7.75%. There could be additional increases in the State sales tax as well as new local sales taxes which could have an adverse effect on consumption resulting in a reduction in the 2004 Measure A Sales Tax.

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

California 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 California for use within the State, subject to certain exceptions.

### **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. The 2004 Measure A Sales Tax 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 2004 Measure A Sales Tax in a manner which would prevent the payment of debt service on the Series 2023 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. The interpretation and application of Proposition 218 to the 2004 Measure A Sales Tax has not been the subject of any court decision.

### **Further Initiatives**

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, which may affect the Authority’s ability to levy and collect the 2004 Measure A Sales Tax.

### **No Acceleration Provision for the Series 2023 Bonds**

The Indenture does not contain a provision allowing for the acceleration of the Series 2023 Bonds in the event of a default in the payment of principal and interest on the Series 2023 Bonds when due. In the event of a default by the Authority, the Trustee on behalf of the Holders of the Series 2023 Bonds, will have the right to exercise remedies other than acceleration, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default and Remedies.”

### **Renewal of Liquidity Facilities**

In connection with the portion of the Prior Bonds remaining after issuance of the Series 2023 Bonds, the Authority has entered into liquidity facility arrangements which expire prior to the maturity date of said Prior Bonds.

If the 2009C Liquidity Facility expires, and the Authority is unable to secure a replacement liquidity facility, the Series 2009C Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2009C Liquidity Facility will be accessed to pay the purchase price of such tendered bonds. In such circumstances, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2009C Bank Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2009C Bonds will be immediately due and payable.)

If the 2014 Liquidity Facility expires, and the Authority is unable to secure a replacement liquidity facility, the Series 2014A Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2014 Liquidity Facility will be accessed to pay the purchase price of such tendered bonds. In such circumstances, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2014 Bank Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2014A Bonds will be immediately due and payable.)

If the 2015 Liquidity Facility expires, and the Authority is unable to secure a replacement liquidity facility, the Series 2015A Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2015 Liquidity Facility will be accessed to pay the purchase price of such tendered bonds. In such circumstances, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2015 Bank Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2015A Bonds will be immediately due and payable.)

### **Certain Risks Related to the Initial Swaps**

As described above, the counterparties under the Initial Swaps pay the Authority a floating rate of interest based on SOFR compounded in arrears for each calculation period plus a specified spread adjustment. If the Initial Swaps are not terminated in full concurrently with the issuance of the Series 2023 Bonds, adjusted SOFR may differ, perhaps significantly, from the interest rate to be paid by the Authority on the debt financing relating to such Initial Swap.

### **Loss of Tax Exemption**

As discussed under “TAX MATTERS,” interest on the Series 2023 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2023 Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the Series 2023 Bonds. Should interest become includable in federal gross income, the Series 2023 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

### **Factors Relating to Swaps**

In connection with the portion of the principal amount of the Prior Bonds remaining after issuance of the Series 2023 bonds, the Authority has entered into the Initial Swaps and has reserved the right to enter into other interest rate swaps or hedge agreements prior to the maturity date of the Series 2023 Bonds that are secured by Sales Tax Revenues on a parity with the Bonds (except for fees, expenses and termination payments thereunder). Any interest rate swap or other hedge agreement, including the Initial Swaps, to which the Authority is a party may, at any time, have a negative value to the Authority. There are various events that give rights to the Authority and the Counterparties to terminate their respective Interest Rate Swap Agreement. Other swap or hedge agreements entered into by the Authority would likely have early termination rights for both parties. If either a swap or other hedge counterparty or the Authority terminates such an agreement when the agreement has a negative value to the Authority, the Authority would generally be obligated to make a termination payment to the counterparty in the amount of such negative value, and such payment could be substantial. As of July 31, 2023, the mark-to-market valuation of the Initial Swaps was approximately \$30,295,198.00 (the cost to the Authority to terminate the Initial Swaps). Under the Initial Swaps and any future swaps, the Authority’s obligation to make such a termination payment is subordinate to the Authority’s obligation to pay the principal of and interest on the Series 2023 Bonds, the Series 2022 Bonds, and the portion of the principal amount of the Prior Bonds remaining after issuance of the Series 2023 Bonds. A counterparty may generally only terminate such an

agreement upon the occurrence of defined events of default and termination events, including, without limitation, nonpayment by the Authority or the counterparty, insolvency event of the Authority or the counterparty or in the event rating agencies withdraw or downgrade the ratings of the Authority below specified levels.

### **Impact of Bankruptcy of the Authority**

While an involuntary bankruptcy petition cannot be filed against the Authority, the Authority is authorized to file for bankruptcy under certain circumstances. Should the Authority file for bankruptcy, there could be adverse effects on the holders of the Series 2023 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. If a court determined that the 2004 Measure A Sales Tax was levied to finance the general purposes of the Authority, rather than specific projects, then the Sales Tax Revenues would not be special revenues. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues or that the Series 2023 Bonds are not of a type protected by the “special revenues” provisions of the Bankruptcy Code. Were the Sales Tax Revenues determined not to be “special revenues,” or were the Series 2023 Bonds determined to not be protected by the Bankruptcy Code, 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 Series 2023 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 Series 2023 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, the Sales Tax Revenues would be considered to be “derived” from a project or system. To the extent that the Sales Tax Revenues are determined to be derived from a project or system, the Authority may be able to use Sales Tax Revenues to pay necessary operating expenses, before the remaining Sales Tax Revenues are turned over to the Trustee to pay amounts owed to the holders of the Series 2023 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Authority is in bankruptcy, the parties (including the Trustee and the holders of the Series 2023 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 Series 2023 Bonds from funds in the Trustee’s possession. The procedure pursuant to which the Sales Tax Revenues are paid directly to the Trustee by the CDTFA may no longer be enforceable, and the Authority may be able to require that the Sales Tax Revenues be paid directly to it by the CDTFA.

If the Authority has possession of Sales Tax Revenues (whether collected before or after commencement of the bankruptcy) and if the Authority does not voluntarily pay such moneys to the Trustee, it is not entirely clear what procedures the Trustee or the holders of the Series 2023 Bonds would have to follow to attempt to obtain possession of such Sales Tax Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some of the Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case as long as the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2023 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 Series 2023 Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Series 2023 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2023 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 Series 2023 Bonds, or result in losses to the holders of the Series 2023 Bonds. Regardless of any specific adverse determinations in an Authority bankruptcy proceeding, the fact of an Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2023 Bonds.

### **Impact of Internet Use on Sales Tax Revenues**

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the “Wayfair Decision”), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of the state’s sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State of California has issued guidance in response to the Wayfair Decision. Under such guidance retailers located outside of the State are required to register with the CDTFA, collect the California use tax, and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. The new collection requirements apply to retailers if during the preceding or current calendar year certain sales thresholds are met. The new collection requirements started to apply to taxable sales of tangible property to California consumers on and after April 1, 2019, and were not retroactive. Additionally, the State’s passage of Assembly Bill 147, signed by Governor Newsome on April 25, 2019, provides the implementation rules for the Wayfair Decision in California. The Authority is unable to predict the ultimate benefit that the Wayfair Decision may have on Sales Tax Revenues. However, the Authority believes that some Internet transactions still may avoid taxation and in the future may continue to avoid taxation either through error or deliberate non-reporting, and this potentially may reduce the amount of Sales Tax Revenues.

### **Natural and Human Caused Disasters**

Seismic events, floods, droughts, wildfires, riots, terrorism or other calamities may occur from time to time in the County. The change in the earth’s average atmospheric temperature, generally referred to as “climate change”, is expected to, among other things, increase the frequency and severity of extreme weather events and cause substantial flooding. Any such event (or combination of events) may have a negative impact on the County economy and reduce the amount of sales and use taxes collected in the

County, and in turn could potentially have a material adverse effect on amount the Sales Tax Revenues received by the Authority.

### **Cybersecurity**

The Authority relies on a large and complex technology environment operated and maintained by other entities to conduct its operations. These entities may face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. To date, there have been no cyber-attacks on the Authority's computer system or to the best of its knowledge, the computer systems operated and maintained by these other entities. No assurances can be given that the Authority's security and operational control measures or the measures put in place by these other entities will be successful in guarding against any and each cyber threat and attack. The results of any attack on the Authority's computer and information technology systems or the computer and information technology systems operated by these other entities could impact their operations and damage the Authority's digital networks and systems, and the costs and/or impacts on operation resulting therefrom could be material.

### **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 Series 2023 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 Authority's ability to impose and collect the 2004 Measure A Sales Tax.

### **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Series 2023 Bonds is less than the amount to be paid at maturity of such Series 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2023 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2023 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity of the Series 2023 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2023 Bonds accrues daily over the term to maturity of such Series 2023 Bonds on the basis of a constant interest rate compounded semiannually

(with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2023 Bonds. Beneficial owners of the Series 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2023 Bonds is sold to the public.

Series 2023 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2023 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2023 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2023 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2023 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2023 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2023 Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners regarding the tax-exempt status of the Series 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2023 Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

Payments on the Series 2023 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Series 2023 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2023 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2023 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **LEGAL MATTERS**

The validity of the Series 2023 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by its General Counsel and by Nossaman LLP, as Disclosure Counsel, and for the Underwriter by their counsel, Kutak Rock LLP.

## **CONTINUING DISCLOSURE**

The Authority has covenanted for the benefit of owners of the Series 2023 Bonds to provide certain financial information and operating data relating to the Authority by not later than two hundred seventy (270) days after the end of the Authority’s fiscal year in each year, commencing with the fiscal year ending June 30, 2023 and to provide notices of the occurrence of certain enumerated events. The



Annual Report and notices of certain enumerated events will be filed by the Authority with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Authority Rule 15c2-12(b)(5) (the “Rule”). See APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

## **RATINGS**

Fitch Ratings Service and S&P Global Ratings have assigned a rating on the Series 2023 Bonds of “AAA Outlook Stable” and “AAA Outlook Stable,” respectively.

A rating is not a recommendation to buy, sell or hold securities and the ratings described above reflect only the views of each rating agency and any explanation of the meaning or significance of any rating should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings Service, Inc., 33 Whitehall Street, New York, New York 10004; and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. The Authority has furnished to the rating agencies certain information, including information not included herein. 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, or other actions of a rating agency relating to its rating on the Series 2023 Bonds may have an adverse effect on the marketability or market price of the Series 2023 Bonds.

The Authority expects to furnish to each rating agency such information and material as it may request. The Authority, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. The failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2023 Bonds. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price and marketability of such Series 2023 Bonds.

## **MUNICIPAL ADVISOR**

The Authority has retained PFM Financial Advisors LLC, San Francisco, California, as municipal advisor (the “Municipal Advisor”) in connection with the authorization and delivery of the Series 2023 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any 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 Year Ended June 30, 2022, which are included as part of Appendix A. The financial statements of the Authority as of June 30, 2022 included in Appendix A in this Official Statement have been audited by Richardson & Company LLP, Certified Public Accountants, as stated in their report appearing in Appendix A. Richardson & Company LLP, was not requested to consent to the inclusion of its report in Appendix A, nor has it undertaken to update its 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 Richardson & Company LLP with respect to any event subsequent to the date of its report. For more recent financial information with respect to the collection of Sales Tax Revenues, see “THE SALES TAX—Historical 2004 Measure A Sales Tax Revenues.”

## UNDERWRITING

The Authority has entered into a Purchase Contract (the “Purchase Contract”) with respect to the Series 2023 Bonds with BofA Securities Inc., as representative of the underwriters (the “Underwriters”) pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the Series 2023 Bonds for at a purchase price of \$ \_\_\_\_\_, which represents the aggregate principal amount of the Series 2023 Bonds [plus/minus] an original issue [premium/discount] of \$ \_\_\_\_\_ and less an Underwriters’ discount of \$ \_\_\_\_\_.

BofA Securities, Inc., an underwriter of the 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, Inc. 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, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Bank of America, N.A. is a swap counterparty for one of the Initial Swaps. In connection with the issuance of the Series 2023 Bonds, all or a portion of the Initial Swaps will be terminated, with a payment to be made by the Authority to the swap counterparties, including Bank of America, N.A. from the proceeds of the Series 2023 Bonds. BofA Securities, Inc. and Bank of America, N.A. are affiliated and are subsidiaries of Bank of America Corporation.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including [Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Series 2023 Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2023 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2023 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2023 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority and any purchasers or holders of any of the Series 2023 Bonds. All quotations from and summaries and explanations of the Indenture, 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 which are available upon request from the Trustee.

Any statements in this Official Statement involving matters of opinion, estimates, forecasts, projections, or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such opinions or the like will be realized. The agreements of the Authority are fully set forth in the Indenture and this Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2023 Bonds.



**APPENDIX A**

**SACRAMENTO TRANSPORTATION AUTHORITY  
AUDITED FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2022**

## APPENDIX B

### INFORMATION REGARDING THE COUNTY OF SACRAMENTO

The information in this Appendix B is the most current information available from the sources cited herein. 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 and the Underwriters take no responsibility for the accuracy or completeness of such information.

#### Population

Population in Sacramento County has grown steadily above that of the California State population as reflected in the following table.

The State Department of Finance estimates Sacramento County population at 1,572,453 as of January 1, 2023. Sacramento County currently has seven incorporated cities: Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova and Sacramento. Approximately 32.9% of the County's population lives in the City of Sacramento. Approximately 37.4% of the County's population lives in unincorporated areas, giving Sacramento County one of the largest unincorporated populations among all counties in the State.

Area	1970	1980	1990	2000	2010	2020	2023
Cities:							
Citrus Heights	---	---	---	85,071	83,267	87,583	85,837
Elk Grove	---	---	---	---	152,925	176,124	177,005
Folsom	5,810	11,003	29,802	51,884	72,201	80,454	85,498
Galt	3,200	5,514	8,889	19,472	23,641	25,383	26,557
Isleton	909	914	833	828	804	844	759
Rancho Cordova	---	---	---	---	64,413	79,332	81,117
Sacramento	257,105	275,741	369,365	407,018	466,279	524,943	518,161
Unincorporated Area:	367,349	409,209	632,330	659,226	553,529	610,392	598,519
Total:	634,373	783,381	1,041,219	1,223,499	1,417,059	1,585,055	1,572,453
% Increase over prior period:		23.49%	32.84%	17.50%	15.82%	11.85%	-0.53%
State Population:	19,935,134	23,782,000	29,828,496	34,095,209	37,223,900	39,538,223	39,029,342
% Increase over prior period:		19.30%	25.42%	14.30%	9.17%	6.22%	-1.29%

Sources: U.S. Census Bureau: April 2020; Ca Department of Finance

## Per Capita Income

Growth in per Capita Personal Income in Sacramento County is consistent with the state and national levels, albeit at lower absolute levels. The per capita income for the County grew at a compounded annual rate of 3.7% from 2000 to 2021 as shown in the chart below:

**Sacramento County's Median Per Capita Income  
Calendar Years 2000 to 2021**

	<b>Sacramento</b>	<b>California</b>	<b>United States</b>
2000	\$30,014	\$33,403	\$30,657
2001	31,711	34,083	31,589
2002	32,215	34,233	31,832
2003	33,435	35,452	32,681
2004	34,698	37,364	34,251
2005	35,776	39,326	35,849
2006	37,541	42,139	38,114
2007	38,730	43,669	39,844
2008	39,499	43,895	40,904
2009	38,327	42,050	39,284
2010	38,776	43,617	40,546
2011	40,394	46,183	42,735
2012	41,659	48,826	44,599
2013	42,887	49,259	44,851
2014	45,148	52,340	47,060
2015	47,811	55,793	48,985
2016	48,850	57,625	49,883
2017	50,197	60,004	51,731
2018	51,187	61,663	54,098
2019	53,278	64,513	56,047
2020	58,307	70,192	59,510
2021	76,422	84,097	69,021

Source: U.S. Bureau of Economic Analysis, Federal Reserve Economic Data (FRED®), Federal Reserve Bank of St. Louis

## Industry and Employment

Three major job categories comprised 81% of the County's work force during 2021: Government 15.8%, Professional and Business Services 58.8% and Retail Trade 6.8%, based on seasonally unadjusted March 2021 statistics, as summarized in the following table. The County's preliminary unemployment rate (not seasonally adjusted) as of April 2023 was at 3.8% and the Statewide unemployment rate as of April 2023 was 4.5%.

**Sacramento Metropolitan Statistical Area Labor Market Survey**  
**Calendar Years 2017 to 2021**  
(Amounts Expressed in Thousands)

Industry	2017	2018	2019	2020	2021
Mining	0.4	0.5	0.5	0.6	0.6
Construction	58.7	64.5	69.4	70.1	78.6
Manufacturing-Nondurable goods	12.4	12.7	13.1	13.1	14.9
Manufacturing-Durable goods	23.3	23.2	23.7	22.8	22.8
Transp., Warehouse, Utilities	27.4	29.5	32.2	34.6	38.5
Information	12.6	12.4	11.9	10.1	10.1
Wholesale Trade	26.5	28.4	28.6	26.7	26.0
Retail Trade	101.4	102.0	100.5	95.1	103.5
Finance, Insurance, Real Estate	49.2	49.9	48.7	48.6	53.0
Service Providing	877.9	899.9	915.9	863.6	895.7
Government	235.2	238.0	241.4	235.6	241.3
Agriculture	9.8	9.1	8.7	8.3	7.7
Other Services	33.0	34.2	35.4	30.6	30.6
<b>Total:</b>	<b>1,467.8</b>	<b>1,504.3</b>	<b>1,530.0</b>	<b>1,459.8</b>	<b>1,523.3</b>

Source: State of California Employment Development Department (EDD) – Current Employment Statistics Annual Average for 2017-2021; EDD Current Employment Statistics for 2021

**Major Employers**

The table below shows the major private and public sector employers in the Sacramento MSA, with their type of business and number of full-time equivalent (“FTE”) employees in 2022.

<b><u>Top 10 Private Employers*</u></b>		
<b>Company</b>	<b>Type of Business</b>	<b>2022 Number of FTE Employees</b>
UC Davis Health System	Health Care	16,075
Kaiser Permanente	Health Care	12,301
Sutter/California Health Services	Health Care	9,595
Dignity/Mercy Healthcare	Health Care	7,488
Intel Corp.	Semiconductor Manufacturer	6,013
Siemens Mobility Inc.	Street Car Manufacturer	2,500
Safeway	Grocery Store Chain	1,938
Pacific Gas & Electric Co.	Utilities	1,447
Blue Diamond Growers	Agriculture	968
WellSpace Health	Health Care	926
<b>Total:</b>		<b>59,251</b>

\* - Employers that have dropped off may not have responded to the survey such as Apple, and Amazon  
Source: Sacramento Business Journal The List, July 8, 2022



**Top 10 Public Sector Employers<sup>1</sup>**

<b>Company</b>	<b>Type of Business</b>	<b>2021 Number of FTE Employees</b>	<b>2022 Number of FTE Employees</b>
State of California	Government	82,076	82,894
UC Davis Health	Academic Health System with Medical School	14,618	16,075
Sacramento County	Government	12,585	
U.S. Government	Government	11,752	10,698
California State University Sacramento	Public Education	5,283	
San Juan Unified School District	Public Education	4,962	5,126
City of Sacramento	Government	4,883	
Sacramento City Unified School District	Education	4,375	
Los Rios Community College District	Two-Year Community College District	2,752	
Sacramento Municipal Utility District	Electric Utility	2,099	
	<b>Total:</b>	<b>145,385</b>	

<sup>1</sup> In the 2020 Book of Lists Elk Grove Unified reported 6,164 Employees making them 5<sup>th</sup> on the list; however, they did not respond to this survey.

Source: Sacramento Business Journal The List, June 4, 2022

**Commercial Activity**

Commercial activity is an important contributor to the County’s economy. Taxable sales is an accurate indicator of commercial activity. The chart below shows taxable sales transactions for the 5 year period starting in 2018 by type of business. Taxable sales have shown consistent growth over that period and demonstrate the diversified economy of the County.

<b>Type of Business</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Motor Vehicle and Parts Dealers	\$3,632,818,552	\$3,711,671,102	\$3,775,094,366	\$4,540,962,602	4,485,261,233
Home Furnishing and Appliance Stores	1,101,628,603	1,037,218,699	1,103,903,109	1,217,645,239	1,177,847,277
Building Materials and Garden Equipment Supplies	1,571,756,950	1,601,215,144	1,849,437,225	2,123,591,531	2,034,700,763
Food and Beverage Stores	1,115,406,936	1,075,633,857	1,151,690,212	1,204,048,017	1,233,467,021
Gasoline Stations	1,882,372,600	1,922,330,544	1,405,188,600	1,991,011,608	2,458,660,511
Clothing and Clothing Accessories Stores	1,102,620,347	1,117,956,222	889,343,223	1,248,171,193	1,221,109,877
General Merchandise Stores	2,402,534,736	2,528,602,401	2,560,717,023	2,914,327,930	3,036,346,873
Food Services and Drinking Places	2,691,148,944	2,845,490,087	2,191,265,074	2,965,767,319	3,358,675,867
Other Retail Group	2,093,087,260	2,355,183,886	3,561,467,579	5,559,165,874	5,586,079,320
<b>Total Retail and Food Services</b>	<b>\$17,593,374,928</b>	<b>\$18,195,301,942</b>	<b>\$18,488,106,411</b>	<b>\$23,764,691,313</b>	<b>\$24,592,148,742</b>
All Other Outlets	7,850,294,336	8,641,063,541	8,685,299,203	10,111,148,480	11,787,914,905
<b>Total All Outlets</b>	<b>\$25,443,669,264</b>	<b>\$26,836,365,483</b>	<b>\$27,173,405,614</b>	<b>\$33,875,839,793</b>	<b>\$36,380,063,647</b>

Source: California Department of Tax and Fee Administration

## Agriculture

Agriculture continues to be a factor in the County's economy; however, with the ever-increasing urban and commercial development of the County, agriculture's relative impact on the County's economy has declined in recent years. The gross value of agricultural production in 2020 reached \$454,759,000, a 1.2% decrease from the previous year.

## Migration

Sacramento's housing prices make the region an attractive and affordable choice compared to competing California counties. The three-year average price for a detached single family home in the County is approximately \$487,000. As shown in the following table, total net domestic migration for the 5 year period shown in the table below has been positive as many Bay area residents migrate to Sacramento for more affordable living.

**Total Net Migration Flow  
For Select California Counties  
(2015 to 2020)**

Counties	Persons
San Francisco	-21,393
Santa Clara	-31,941
San Mateo	-6673
Alameda	-18,751
Sonoma	-2635
Napa	-2978
Marin	247
Contra Costa	-587
<b>Sacramento</b>	<b>4341</b>

Source: U.S. Bureau of Economic Analysis, Federal Reserve Economic Data (FRED®), Federal Reserve Bank of St. Louis

**Construction Activity**

The value of building permits issued in the County totaled \$2,953,027,839 in 2022, an increase of 12.3% from the prior year. From 2015 through 2022, the value of nonresidential building permits reflected a total increase of 37.0% and the value of residential building permits reflected a total increase of 119.5%. In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2015 through July of 2022 are shown in the following table.

**SACRAMENTO COUNTY  
Building Permit Valuations  
Calendar Year 2015 through 2022**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Valuation:</b>								
Residential	897,359,089	950,178,331	1,200,257,188	1,504,929,934	1,666,799,217	1,738,673,973	<b>1,910,412,402</b>	1,969,991,839
Nonresidential	651,429,306	987,138,579	679,406,600	964,945,946	1,504,674,790	891,464,033	706,498,695	983,036,000
<b>Total:</b>	<b>1,548,788,395</b>	<b>1,937,316,910</b>	<b>1,879,663,788</b>	<b>2,469,875,880</b>	<b>3,171,474,007</b>	<b>2,630,138,006</b>	<b>2,616,911,097</b>	<b>2,953,027,839</b>
<b>New Dwelling Units – No. of Permits:</b>								
Single Family	2,358	2,676	3,174	3,589	3,981	3,588	4,205	3,811
Multiple Family	815	609	1,761	1,272	2,008	2,868	2,266	3,411
<b>Total:</b>	<b>3,173</b>	<b>3,285</b>	<b>4,935</b>	<b>4,861</b>	<b>5,989</b>	<b>6,456</b>	<b>6,471</b>	<b>7,222</b>

Source: Construction Industry Research Board/California Homebuilding Foundation.

**Property Taxes**

**Assessed Valuation.** The County assesses property values and collects and distributes secured and unsecured property taxes to the County, cities, community redevelopment agencies, special districts

and local school districts within the County. California law exempts \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State.

According to the County Assessor's Office the annual assessment roll for fiscal year 2021-2022 topped \$215 billion, a 8% increase over the prior year, which is the total gross assessed value for Sacramento County as of January 1, 2022. The following table reflects the FY 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 actual assessed valuations in the County.

**SACRAMENTO COUNTY**  
**Assessed Valuations**  
**FY 2016-17 to 2021-22**  
(Amounts Expressed in Thousands)

<b>Fiscal Year</b>	<b>Secured (A)</b>	<b>Unsecured (B)</b>	<b>Unitary (C)</b>	<b>Exemptions-Welfare-other (D)</b>	<b>Total Taxable Assessed Value (E)</b>
			1		
2016-17	\$141,945,673	\$6,213,686	\$1,540,805	\$(6,331,237)	\$143,368,927
2017-18	151,164,155	6,450,239	1,605,246	(6,829,284)	152,390,356
2018-19	161,252,864	6,909,322	1,508,979	(7,040,350)	162,630,815
2019-20	171,771,317	7,456,729	1,544,478	(7,575,239)	173,197,285
2020-21	182,060,623	7,870,485	1,559,767	(8,083,004)	183,407,871
2021-22	191,976,450	7,783,171	1,628,844	(8,384,119)	193,004,346

A) Secured property is generally real property which includes land, improvements, structures, crops, vines, and mobile homes.

B) Unsecured property is generally personal property which includes boats, aircrafts, fixtures, equipment, leasehold improvements, and possessory interests. C) Unitary properties are railroads, utilities properties which are assessed by the State Board of Equalization.

D) Exemptions as provided by the State Constitution provides property tax relieves to Welfare, Church, and Non-Profit Organizations.

E) Proposition 13 limits the General Direct Property tax rate to 1% of the net assessed values.

Note: All dollar estimates are in current dollars (not adjusted for inflation)

Source: Sacramento County Assessor, Annual Financial Report ending June 30, 2022

## **Transportation**

The County's location and transportation network have contributed to the County's economic growth. The County is traversed by the main east-west and north-south freeways serving northern and central California. Interstate 80 connects Sacramento with the San Francisco Bay Area, Reno, Nevada, and points east. U.S. Highway 50 carries traffic from Sacramento to the Lake Tahoe Area. Interstate 5 is the main north-south route through the interior of California; it runs from Mexico to Canada. California State Highway 99 parallels Interstate 5 through central California and passes through Sacramento.

Transcontinental and intrastate rail service is provided by the Union Pacific Railroad. Passenger rail service is provided by AMTRAK. Bus lines offering intercity as well as local service include Greyhound and Sacramento Regional Transit District. Regional Transit also operates an approximately 38.6-mile light rail system.

The Port of Sacramento provides direct ocean freight service to all major United States and world ports, shipping approximately 1 million metric revenue tons of cargo annually and link with the rail and freeway system. It is a deep-water ship channel, located 79 nautical miles northeast of San Francisco. The three major rail links serving Sacramento connect with the Port. Interstate 80 and Interstate 5 are immediately adjacent to the Port.

The County Airport System provides for the planning, development and operation of public air transportation facilities serving Sacramento County and adjoining areas. The Airport System consists of Sacramento International Airport, which as of 2022 has 12 domestic and international passenger airlines, which includes four commuter airlines, and 7 all-cargo airlines, Executive Airport and Franklin Field for general aviation and Mather Airport for air cargo and general aviation. Sacramento International Airport (SMF) is about 12 miles northwest of downtown Sacramento. Since September 11, 2001, SMF has added four new air carriers (Frontier, Mexicana, Hawaiian and Aloha. Activity at SMF was negatively impacted by the COVID pandemic. However, in 2022 SMF served approximately 12.3 million passengers, nearly the same number of passengers as in 2019. Executive Airport, located in Sacramento, is a full-service, 680-acre facility serving general aviation. Currently, Mather Airport is served by three all-cargo carriers. In addition to Sacramento International Airport, Executive Airport and Mather Airport, there is one other County operated general airport and numerous private airports.

## **Education**

Public school education is provided by 16 school districts totaling 427 schools, of which (8 are Unified School Districts) plus the County Office of Education and consists of the following types of schools: 231 Elementary; 41 Middle schools; 17 K-12 schools; 48 Secondary (high schools); 4 Youth facilities; 13 Continuation schools; 49 Charter schools; 9 Special Education centers; 3 County Community schools; 4 Community Day schools and 8 Alternative schools. There are approximately 139 private schools in the County with an enrollment of approximately 19,725 as of 2017-2018 (the latest date for which such information is available). Public school enrollment for 2020-2021 is approximately 246,069.

The Los Rios Community College District serves the majority of Sacramento County, as well as portions of El Dorado, Placer, Yolo and Solano Counties. The District maintains four campuses in the County, including American River College, located in the northeastern unincorporated area of Carmichael; Sacramento City College, located in Sacramento; Cosumnes River College, located in the southern area of the City of Sacramento; and Folsom Lake-El Dorado College, located in the northeast area of the County. The 2018 to 2019 school-year enrollment totals at the four campuses were

approximately 107,914 students. The southernmost portion of the County is served by the San Joaquin Delta Community College District.

California State University at Sacramento offers four-year programs in business administration, liberal arts, engineering, education and nursing, and master's degrees in service fields. Fall 2021 enrollment was approximately 31,573 students, an increase from Fall 2020's enrollment of 31,451 students. Other higher education facilities located in Sacramento are the University of Phoenix, University of Southern California, McGeorge School of Law which is a branch of the University of the Pacific, University of San Francisco, University of California at Davis Extension, and the Medical Center of the University of California at Davis.

## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture, dated as of September 1, 2009, between the Sacramento Transportation Authority (the “Authority”) and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as supplemented by the First Supplemental Indenture, dated as of September 1, 2009, the Second Supplemental Indenture, dated as of September 1, 2011, the Third Supplemental Indenture, dated as of July 1, 2012, the Fourth Supplemental Indenture, dated as of September 1, 2014, the Fifth Supplemental Indenture, dated as of March 1, 2015, the Sixth Supplemental Indenture, dated as of May 1, 2018, the Seventh Supplemental Indenture, dated as of September 1, 2022, and the Eighth Supplemental Indenture, dated as of September 1, 2023, and hereinafter collectively referred to as the “Indenture”, between the Authority and the Trustee. Such summary is not intended to be complete or definitive, is supplemental to the summary of other provisions of the Indenture contained elsewhere in this Official Statement, and is qualified in its entirety by reference to the full terms of the Indenture. All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Indenture.

#### Definitions

“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. For purposes of the Indenture, the term “principal of” shall also include Accreted Value, if appropriate.

“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 Local Transportation Authority and Improvement Act, Division 19 (Section 180000 et seq.) of the Public Utilities Code of the State of California, as 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 a Series of Bonds, issued by an insurance company, commercial bank, pension fund or other institution, and delivered or made available to the Trustee, as a replacement or substitution for any Credit Enhancement then in effect.

“Alternate Liquidity Facility” means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, issued by a commercial bank, insurance company, pension fund or other institution, and delivered or made available to the Trustee, as a replacement or substitute for any Liquidity 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 Parity Obligations becoming due and payable during such Fiscal Year calculated utilizing the 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 or other amortization schedule provided by the Authority for a period commencing on the date of calculation of such Assumed Debt Service 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 or other amortization basis provided by the Authority 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.

“Authorized Representative” means the Chairperson of the Board, the Executive Director, the Chief Financial Officer or such other person as may be designated to act on behalf of the Authority by a written certificate delivered to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by an Authorized Representative.

“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 Governing Board 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.

“Bond Reserve Requirement,” with respect to the Bond Reserve Fund, means, as of any date of calculation, an amount equal to the least of (a) 10% of the initial offering price to the public of the Participating Bonds as determined under the Code, or (b) the greatest amount of Debt Service for the Participating Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Participating Bond is due, or (c) 125% of the sum of the Debt Service for the Participating Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made (or if appropriate, the first full Fiscal Year following the issuance of any Participating Bonds) and terminating with the last Fiscal Year in which any Debt Service for the Participating Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Authority and specified in writing to the Trustee; provided, however that in determining Debt Service with respect to any Participating Bonds that constitute Variable Rate Indebtedness, the interest rate on such Participating Bonds for any period as to which such interest rate has not been established shall be assumed to be (x) the synthetic fixed interest rate specified in the Interest Rate Swap Agreement for the term of such Interest Rate Swap Agreement if an Interest Rate Swap Agreement is in place providing for a fixed rate of interest with respect to such Participating Bonds or (y) the average SIFMA Swap Index for the last five (5) years preceding the date of calculation, certified by the Authority within thirty (30) days of issuance; and provided, further, that with respect to the issuance of additional Participating Bonds if the Bond Reserve Fund would have to be increased by an amount greater than ten percent (10%) of the stated principal amount of such additional Participating Bonds (or, if the issue has more than a de minimis amount of original issue discount or premium, of the issue price of such Bonds) then the Bond Reserve Requirement shall be such lesser amount as is determined by a deposit of such ten percent (10%). The Bond Reserve Requirement, with respect to the Bond Reserve Fund, shall be calculated on the date of issuance of a Series of Participating Bonds and shall be recalculated only upon the issuance of additional Participating Bonds or the early retirement of Participating Bonds. “Bond Reserve Requirement,” with respect to any Bond Series Reserve Fund, means the amount specified as such in the Supplemental Indenture establishing such Bond Series Reserve Fund.



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

“Bonds” means the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds or Notes (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Indenture.

“Build America Bonds” means Bonds accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

“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 or 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; (2) for purposes of payments and other actions relating to Bonds secured by a Credit Enhancement or supported by a Liquidity 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 Liquidity Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed; (3) a day on which the New York Stock Exchange is closed; or (4) a day on which the payment system of the Federal Reserve System is not operational.

“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.

“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.

“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 Certificate” means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Certificate, dated the date of issuance of such Series of Bonds, executed by the Authority, 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 U.S. Bank Trust Company, National Association, One California Street, 10<sup>th</sup> Floor, San Francisco, California 94111, Attention: Corporate Trust Department, 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, issuance, 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, expenses 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, fees payable in connection with the

execution or termination of an Interest Rate Swap Agreement in connection with the issuance of a Series of Bonds and any other cost, charge or fee incurred in connection with the issuance of a Series of Bonds or any Parity Obligations delivered in connection with a Series of Bonds.

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

“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, pension fund or other 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 Enhancement, such Alternate Credit Enhancement.

“Credit Enhancement Provider” means, with respect to a Series of Bonds, the Insurer, commercial bank, pension fund or other institution issuing (or having primary obligation, or acting as agent for the 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, including the Series 2023 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 or Parity 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 (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

(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 or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

*Pursuant to the Eighth Supplemental Indenture, paragraph (D) of the definition of Debt Service will be amended as of the Effective Date to read as follows:*

*(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 110% of the average SOFR Index during the twelve (12) months ending with the month preceding the month in which the calculation is made or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);*

(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;

(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 delivered to the Trustee, 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 or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee;

(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 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

(i) to be paid from the proceeds of Obligations held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or (ii) paid or expected to be paid from Subsidy Payments.

*As provided by the Eighth Supplemental Indenture:*

*“Effective Date” means the date which is the latter of the receipt of: (i) the consent of Holders of a majority in aggregate amount of Bonds, and (ii) the date on which the Authority and the Trustee receive consents to such amendments from each Existing Liquidity Facility Provider and each counterparty for the Initial Swap related to any of Prior Bonds that will remain outstanding upon the issuance of the Series 2023 Bonds.*

“Event of Default” means any of the events of default specified in the Indenture and described under the caption “Events of Default and Remedies – Events of Default” below.

“Excluded Principal Payments” means each payment of principal of Bonds or Parity Obligations which the Authority determines (in the Certificate of the Authority delivered to the Trustee) 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 Revenues or amounts on deposit in the Reserve Fund, if any, securing such Bonds. 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.

“Expenditure Plan” means the Sacramento County Transportation Expenditure Plan 2009-2039 (attached as Exhibit A to the Ordinance), as in effect on the date of execution and delivery of the Indenture, and as such expenditure plan may be amended from time to time pursuant to 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 (a) such action is authorized or permitted under the Indenture and (b) such action will not, in and of itself, result in the inclusion of interest on the Series 2023A Bonds in gross income for federal income purposes.

“Fee and Expense Obligations” means any obligations of the Authority which constitute fees, expenses and similar charges in connection with any Bonds, Parity Obligations or Subordinate Obligations (including fees and expenses and termination payments on Interest Rate Swap Agreements), which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations.

“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.

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

“Indenture” means the Indenture, dated as of September 1, 2009, 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 thereof.

“Initial Swaps” means the three (3) Interest Rate Swap Agreements executed and delivered by the Authority on October 18, 2006 in a combined notional amount of \$318,300,000.

“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 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” or “Swap” 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 any of the following:

(A) The following obligations may be used as Investment Securities for all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash;

(2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA’s)
- Federal Housing Administration
- Federal Financing Bank; and

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by each Credit Enhancement Provider then providing Credit Enhancement for a Series of Bonds.

(B) The following obligations may be used as Investment Securities for all purposes other than defeasance investments in refunding escrow accounts:

(1) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating (ratings on holding companies are not considered as the rating of the banks) on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by Standard & Poor’s and “P-1” by Moody’s and maturing no more than three hundred sixty (360) days after the date of purchase;

(2) Commercial paper which is rated at the time of purchase in the single highest classification, “A-1” by Standard & Poor’s or “P-1” by Moody’s and which matures not more than two hundred seventy (270) days after the date of purchase;

(3) Investments in a money market fund rated “AAAm or “AAAm-G” or better by Standard & Poor’s including funds for which the Trustee or an affiliate provides investment advice or other services;

(4) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Standard & Poor’s and Moody’s or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(5) General obligations of states with a rating of at least “A2/A” or higher by both Moody’s and Standard & Poor’s;

(6) Any investment agreement with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company or guarantor of which is rated) in either of the two highest long-term Rating Categories by Moody’s and Standard & Poor’s;

(7) The Local Agency Investment Fund managed by the Treasurer of the State of California, as referred to in Section 16429.1 of the Government Code of the State but only to the extent such investment is registered in the name of the Trustee;

(8) 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 53601 of Title 5 Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(9) The commingled investment fund of the County of Sacramento, California, which is administered in accordance with the investment policy of said County as established by the Treasurer 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; and

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

“Liquidity 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 purchase price of such Series of Bonds under certain conditions specified therein, issued by a commercial bank, insurance company, pension fund or other 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 Liquidity Facility, such Alternate Liquidity Facility.

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

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

“Liquidity Facility Rate” means, with respect to a Series of Bonds, the interest rate per annum, if any, specified in the Liquidity Facility delivered in connection with such Series of Bonds as applicable to Liquidity Facility 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 the maximum amount of Annual Debt Service becoming due and payable on all Bonds Outstanding and all Parity Obligations (and Subordinate Obligations, if applicable) outstanding during the period from the date of such calculation through the final maturity date of the Bonds and Parity Obligations (and Subordinate Obligations, if applicable), calculated utilizing the assumptions set forth under the definition of Debt Service.

“Maximum Rate” means, with respect to any Bonds, the lesser of (i) the rate designated as the Maximum Rate for such Bonds in the Supplemental Indenture with respect to such Bonds and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time.

“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 with notice to the Liquidity Facility Provider, if any.

“Notice Parties” means, as and to the extent applicable, the Authority, the Trustee, the Credit Enhancement 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 Liquidity Provider, 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 Trustee (provided, however, that the Trustee may appoint an agent to identify such Reference Banks). The Trustee 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 Trustee 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 Trustee or its agent is then quoting rates for such loans, then the One Month LIBOR Rate for the ensuing interest period will mean the One Month LIBOR Rate most recently in effect.

*Pursuant to the Eighth Supplemental Indenture, the definition of One Month USD LIBOR Rate will be deleted in its entirety as of the Effective Date.*



“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 Ordinance No. STA-04-01 adopted by the Board on July 29, 2004, pursuant to the provisions of Chapter 5 of the Act, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the 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 the provisions of the Indenture described below under the caption “Discharge of Liability on Bonds;” 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 the Indenture; provided, however, that in the event the principal of or interest due on any Bonds shall be paid by the Credit Enhancement 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 Enhancement Provider and such Credit Enhancement Provider shall be subrogated to the rights of such Holders.

“Parity 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 or (iii) the Initial Swaps and any other Interest Rate Swap Agreement (excluding fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured as Fee and Expense Obligations) entered into in connection with a Series of Bonds, in each case incurred in accordance with the Indenture, which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a parity with the Bonds (whether or not any Bonds are Outstanding).

“Participating Bonds” means the Bonds of each Series which, pursuant to the terms of the Supplemental Indenture relating to such Series, are secured by amounts in the Bond Reserve Fund.

“Participating Underwriters” means any of the original underwriters of a Series of Bonds required to comply with Rule 15c2-12(b)(5) 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.

“Project” means capital outlay expenditures for transportation purposes, including, but not limited to, administration, construction, maintenance, improvements and operation of local streets, roads and highways, state highways and freeways, public transit systems including rail, bicycle and pedestrian facilities and related purposes as permitted by the Ordinance and the Expenditure Plan. These purposes include expenditures for planning, environmental reviews and mitigation, engineering and design costs, and related right-of-way acquisition and for the Consumnes River Permanent Open Space Preserve and the American River Parkway/Bikeway Network.

“Prior Indenture” means the Indenture, dated as of October 1, 2006, between the Authority and the Trustee, as amended and supplemented to the date of execution and delivery of the Indenture.

“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.”

“Rating Agency” means, as and to the extent applicable to a Series of Bonds, each of Fitch, Moody’s and Standard & Poor’s, but, in each instance, only so long as each such Rating Agency then maintains 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 Requirement” means, with respect to any Series of Bonds, the rebate requirement determined in accordance with the Tax Certificate delivered in connection with such Series of Bonds.

“Record Date” means the 15<sup>th</sup> day of the calendar month immediately preceding the interest payment date (whether or not a business day).

“Redemption Price” means, with respect to any Series 2023A Bond (or portion thereof), 100% of the principal thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Series 2023A Bond and the Eighth Supplemental Indenture.

“Refunding Bonds” means a Series of Bonds or a portion of a Series of Bonds issued pursuant to the provisions of the Indenture described below under the caption “Issuance of Additional Bonds and Other Obligations – Issuance of Refunding Bonds.”

“Repository” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission or any successor agency thereto to receive reports and notices pursuant to Rule 15c2-12.

“Reserve Facility” means any insurance policy, letter of credit or surety bond issued by a Reserve Facility Provider, meeting the requirements of the Indenture described below under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” 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.

“Revenues” means: (i) all Sales Tax Revenues; (ii) all investment earnings on amounts held by the Trustee in the funds and accounts established under the Indenture, excluding amounts deposited to the Rebate Fund, any Letter of Credit Fund and any Purchase Fund; (iii) all Swap Revenues; and (iv) all

Subsidy Payments. In accordance with the provisions of the Indenture described below under the caption “Issuance of Additional Bonds and Other Obligations,” the Authority by Supplemental Indenture may provide for additional revenues or assets of the Authority to be included in the definition of Revenues.

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

“Sales Tax Revenues” means all amounts available for distribution to the Authority after April 1, 2009 on account of the 2004 Measure A Sales Tax after deducting amounts payable by the Authority to the State Board of Equalization for costs and expenses for its services in connection with the 2004 Measure A Sales Tax collected pursuant to the Act and levied pursuant to the Ordinance.

“Securities Depository” means The Depository Trust Company, 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.

“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.

“Series 2009 Bonds” means the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2009A (Limited Tax Bonds), the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2009B (Limited Tax Bonds), and the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Indenture.

“Series 2023A Bonds” means the Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023A (Limited Tax Bonds), authorized by, and at any time Outstanding pursuant to, the Indenture.

“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 by any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

*As provided by the Eighth Supplemental Indenture, as of the Effective Date:*

*“SOFR Index” means, for any day, the one-month forward looking secured overnight financing rate as administered by the CME Group Benchmark Administration Limited (CBA) (or a successor administrator selected by the Authority).*

“Standard & Poor’s” or “S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, 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 “Standard & Poor’s”

or “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority with notice to the Liquidity Facility Provider, if any.

“State” means the State of California.

“State Board of Equalization” means the California Department of Tax and Fee Administration, formerly the State Board of Equalization.

“Subordinate Obligations” means any obligations (excluding fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured as Fee and Expense Obligations) of the Authority issued or incurred in accordance with the Indenture, which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a basis subordinate to the Bonds and the Parity Obligations.

“Subsidy Payments” means payments with respect to the interest due on a Series of Bonds made by the United States Treasury to the Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such provisions of the Code.

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

“Swap Revenues” means all amounts owed or paid to the Authority by any Counterparty under any Interest Rate Swap Agreement after offset for amounts 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 March 31, 2039 or such later date to which the levy of the 2004 Measure A Sales Tax is extended in accordance with the Act.

“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 U.S. Bank Trust Company, National Association, as trustee, 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 the Indenture.

“2004 Measure A” means the ballot measure which authorized the 2004 Measure A Sales Tax.

“2004 Measure A Sales Tax” means the retail transactions and use tax authorized by 2004 Measure A.

“Variable Rate Indebtedness” means any indebtedness 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.

## **Pledge of Revenues; Revenue Fund**

The Authority shall cause Sales Tax Revenues to be transmitted by the State Board of Equalization 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.

As security for the payment of all amounts owing on the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations, in the amounts and with the priorities set forth in the Indenture and in the Bonds, the Authority irrevocably pledges to the Trustee: (i) all Revenues, (ii) all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds) and all investments, money, instruments, and other property credited thereto or on deposit therein, and (iii) all proceeds thereof, whether now existing or hereafter arising, subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Such collateral shall immediately be subject to such pledge, and such pledge shall constitute a lien and security interest 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, the Indenture irrespective of whether those parties have notice of such pledge and without the need for any physical delivery, recordation, filing or further act.

All Bonds and Parity Obligations shall be of equal rank without preference, priority or distinction of any Bonds and Parity Obligations over any other Bonds and Parity Obligations. All Subordinate Obligations shall be of equal rank without preference, priority or distinction of any Subordinate Obligations over any other Subordinate Obligations. All Fee and Expense Obligations shall be of equal rank without preference, priority or distinction of any Fee and Expense Obligations over any other Fee and Expense Obligations.

Subject to the provisions of the Indenture described under the caption "Payment Provisions Applicable to Interest Rate Swap Agreements," all Revenues (other than Sales Tax Revenues) shall also be deposited in the Revenue Fund. The Trustee shall hold all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds), and all investments, money, instruments and other property credited thereto or on deposit therein, in trust for the benefit of the holders of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations as their interests may appear under the Indenture. Such property shall be applied solely as provided in the Indenture. 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 Sales Tax Revenues and other Revenues pledged under the Indenture.

## **Allocation of Sales Tax Revenues**

So long as any Bonds are Outstanding and Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and all other amounts payable under the Indenture 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 Parity Obligations, Subordinate Obligations and Fee and Expense 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 (i) on a parity with such deposits the Trustee may set aside or transfer amounts

with respect to any outstanding Parity Obligations as provided in the proceedings for such Parity Obligations delivered to the Trustee pursuant to the Indenture (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 Parity Obligations), (ii) payments on Interest Rate Swap Agreements that constitute Parity Obligations shall be payable from the Interest Fund and the required deposits below shall be adjusted to include payments on such Interest Rate Swap Agreements in accordance with the Indenture (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 Parity Obligations) and (iii) in the event any of the deposits or transfers requires more than one such deposit or payment and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys.

Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the 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 Current Interest Bonds (except for 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 Interest Fund from the proceeds of any Series of 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 Outstanding Current Interest Bonds (except for 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 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 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 hundred (100) basis points (provided, however, that the amount of such deposit into the 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 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 Variable Rate Indebtedness). No deposit need be made into the Interest Fund with respect to any Bonds 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 Bonds issued under the Indenture and then Outstanding and on April 1 and October 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having interest payment dates other than April 1 and October 1) shall be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

If there are Liquidity Facility Bonds outstanding at the time of any required deposits to the Interest Fund, such deposits shall take into account and include the Liquidity Facility Rate on Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds.

Principal Fund; Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Principal Fund as soon as practicable in such month an amount equal to at

least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) 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 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 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 the Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such 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 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 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 Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis 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, 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 Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Serial Bonds issued under the Indenture 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 Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase 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 the Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such 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 April 1 of each year, the Trustee shall 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 April 1 of each year or as soon as practicable thereafter any excess amounts in the Principal Fund not needed to pay principal on such date (and not held to pay principal on Bonds having principal payment dates other than April 1) shall be transferred to the Authority.

If there are any Liquidity Facility Bonds outstanding at the time of any required deposits to the Principal Fund, such deposits shall take into account and include any amortizations or redemptions of any Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds. For purposes of the provisions above relating to the Principal Fund, Liquidity Facility Bonds shall be treated as Serial Bonds with maturity dates on the payment dates of any amortization or redemptions.

Reserve Funds. Upon the occurrence of any deficiency in any Reserve Fund, the Trustee shall make such deposit to the Reserve Fund, as is required pursuant to the provisions of the Indenture described below under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” 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.

Subordinate Obligations Fund. After the transfers to the Interest Fund, the Principal Fund and the Reserve Funds described above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Authority shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding. If amounts on deposit in the Subordinate Obligations Fund shall not be sufficient to pay in full all amounts payable from the Subordinate Obligations Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Subordinate Obligations Fund and payments then due).

Fees and Expenses Fund. After the transfers to the Interest Fund, the Principal Fund, the Reserve Funds and the Subordinate Obligations Fund described above have been made, the Trustee shall deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Authority. If amounts on deposit in the Fees and Expenses Fund shall not be sufficient to pay in full all amounts payable from the Fees and Expenses Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Fees and Expenses Fund and payments then due).

Any Revenues remaining in the Revenue Fund after the foregoing transfers in the funds and accounts described 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.

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 Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, the 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 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.

### **Establishment and Application of Funds and Accounts**

Each of the funds and accounts described below is established by the Indenture.



Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purposes of: (a) paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), or for reimbursing the Credit Enhancement 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, as provided in the Indenture. If amounts on deposit in the Interest Fund shall not be sufficient to pay in full all amounts payable from the Interest Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Interest Fund and payments then due).

Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the 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 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. If amounts on deposit in the Principal Fund shall not be sufficient to pay in full all amounts payable from the Principal Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Principal Fund and payments then due).

The Trustee shall establish and maintain within the Principal Fund a separate account for the 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 Current Interest Bonds, and the Accreted Value, in the case of 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 Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in the 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 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 Interest Fund) as is directed by the Authority, except that the purchase price (excluding accrued interest, in the case of 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 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 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 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 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 October 1 of each year following the redemption as of such date of the 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 Term Bonds purchased from a Sinking Account or deposited by the Authority with the Trustee in a twelve month period ending September 30 (or in a six-month period ending March 31 or September 30 with respect to

Bonds having semi-annual Mandatory Sinking Account Payments) 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 Term Bonds, if any, occurring on the next April 1 or October 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Authority. All 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 Term Bonds as may be specified in a Request of the Authority.

Reserve Funds. The Bond Reserve Fund shall secure all Participating Bonds and the Authority shall specify in the Supplemental Indenture relating to such Series of Bonds whether the Bonds of such Series constitute Participating Bonds. 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 Series Reserve Fund as additional security for a Series of Bonds. Any Bond Series Reserve Fund so established by the Authority shall be available to secure one or more Series of Bonds as the Authority shall determine and shall specify in the Supplemental Indenture establishing such Bond Series Reserve Fund. Any Bond Series Reserve Fund established by the Authority shall be held by the Trustee and shall comply with the requirements of the Indenture described below.

In lieu of making the Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the Authority), or in substitution of any Reserve Facility comprising part of the Bond Reserve Requirement relating to one or more Series of 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 two highest Rating Categories of Moody's and Standard & Poor's, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in the next paragraph, then on deposit in the Reserve Fund, will equal the applicable Bond Reserve Requirement. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the 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 the Indenture as described in this paragraph. 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 Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of the Indenture as described in the next paragraph. 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 applicable Bond Reserve Requirement will be on deposit in the Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the applicable Bond Reserve Requirement as of the date following the expiration of the letter of credit is not on deposit in the 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 the Reserve Fund.

In lieu of making a Bond Reserve Requirement deposit in cash or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the Authority) or in substitution of any Reserve Facility comprising part of a Bond Reserve Requirement for any Bonds, the Authority may, at any time and from time to time, deliver to the Trustee a surety bond or an insurance policy in an amount which, together with moneys, Investment Securities, or other Reserve Facilities then on deposit in the Reserve Fund, is no less than the applicable Bond Reserve Requirement. 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 two highest Rating Categories of Moody's and Standard & Poor's. 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 the twelve equal monthly deposits to the Reserve Fund so that the Reserve Fund is replenished to the required level after a year.

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

The Trustee shall notify the Authority of any deficiency in the Reserve Fund (i) due to a withdrawal from the Reserve Fund for purposes of making up any deficiency in the Interest Fund or the Principal Fund relating to the Bonds of the Series to which the Reserve Fund relates or (ii) resulting from a valuation of Investment Securities held on deposit in the Reserve Fund 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 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 Reserve Fund an amount equal to one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from the Reserve Fund or decrease resulting from a valuation pursuant to the Indenture and shall further instruct the Trustee to transfer to each Reserve Facility Provider providing a Reserve Facility satisfying a portion of the Bond Reserve Requirement relating to the Bonds of the Series to which the 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 the Reserve Fund is at least equal to the applicable Bond Reserve Requirement.

Unless the Authority shall otherwise direct in writing, any amounts in the Reserve Fund in excess of the applicable Bond Reserve Requirement 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 the Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in the Reserve Fund shall be transferred by the Trustee to the Authority (i) upon the defeasance, retirement or refunding of Bonds of the Series to which such Reserve Fund relates provided that such transfer shall not be made unless (a) immediately thereafter all of the Bonds to which the Reserve Fund relates shall be deemed to have been paid pursuant to the defeasance provisions of the Indenture, or (b) the amount remaining in the Reserve Fund after such transfer shall not be less than the applicable Bond Reserve Requirement or (ii) upon the replacement of cash on deposit in the Reserve Fund with one or more Reserve Facilities in accordance with the Indenture as described in the second and third paragraphs of this section, subject in the case of both clauses (i) and (ii) to the requirements of the applicable Tax Certificate.

Subordinate Obligations Fund. All moneys in the Subordinate Obligations Fund shall be used and withdrawn by the Trustee to pay Subordinate Obligations as such amounts become due and payable.

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 Parity Obligations or Subordinate Obligations (including termination payments on any Interest Rate Swap Agreement) as such amounts shall become due and payable.

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 may be specified in a Request of the Authority.

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. 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 the Indenture and by the applicable Tax Certificate.

### **Payment Provisions Applicable to Interest Rate Swap Agreements**

The Authority shall, promptly after Swap Revenues are paid by the Counterparty under an Interest Rate Swap Agreement, transfer or cause to be transferred to the Trustee for deposit in the Revenue Fund, the Swap Revenues. The Authority and the Trustee acknowledge (1) that the Initial Swaps have been entered into by the Authority, (2) that the obligation of the Authority to make payments required under the Initial Swaps (excluding fees and expenses and termination payments under the Initial Swaps) constitutes a Parity Obligation under the Indenture and (3) that the obligation of the Authority to pay fees and expenses and termination payments under the Initial Swaps constitutes a Fee and Expense Obligation under the Indenture.

Payments on Interest Rate Swap Agreements that are payable as Parity Obligations (including the payments under the Initial Swaps that constitute Parity Obligations) shall be payable by the Trustee to the Counterparty from the Interest Fund. If such payments on any Interest Rate Swap Agreements are payable to the Counterparty on a semi-annual basis, the Trustee shall set aside in the Interest Fund as soon as practicable in each month an amount equal to one-sixth of the amount due to the Counterparty on the next payment date, until the requisite half-yearly amount of payments due on such Interest Rate Swap Agreement is on deposit in such fund.

Payments on Interest Rate Swap Agreements that are payable as Subordinate Obligations shall be payable by the Trustee to the Counterparty from the Subordinate Obligations Fund.

Payments on Interest Rate Swap Agreements that are payable as Fee and Expense Obligations shall be payable by the Trustee to the Counterparty from the Fee and Expense Fund.

The Authority may apply termination payments received from any Counterparty to the defeasance or redemption of all or a portion of any Bonds then Outstanding.

### **Investment in Funds and Accounts**

All moneys in any of the funds and accounts held by the Trustee or established pursuant to the Indenture (including any project funds held by the Trustee) shall be invested, as directed by the Authority, solely in Investment Securities. Moneys in any Reserve Fund shall be invested in Investment Securities maturing in not more than five years, or having a put option or demand option providing funds upon request for the purpose of payment of the Bonds to which such 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 or a Request of the Authority delivered to the Trustee: (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 the Reserve Fund shall be retained in such Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Project Fund established in connection with the Series of Bonds to which the Reserve Fund relates, if any, until such time as such Project Fund shall be closed, and then 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 retained in such

Costs of Issuance Fund until such time as such Costs of Issuance Fund is closed, and any earnings received on a Costs of Issuance Fund subsequent to the closure of such 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 the Indenture, (vi) all interest, profits and other income received from the investment of moneys in any Letter of Credit Fund or Purchase Fund shall be retained in such Letter of Credit Fund or Purchase Fund, as applicable; 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.

### **Issuance of Additional Bonds and Other Obligations**

Issuance of Additional Bonds. Subsequent to the issuance of the Series 2009 Bonds, the Authority may by Supplemental Indenture establish one or more additional Series of Bonds, payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2009 Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, 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 Bonds issued subsequent to the Series 2009 Bonds issued under the Indenture, upon compliance by the Authority with the provisions of the Indenture and subject to the specific conditions set forth below, each of which is made a condition precedent to the issuance of any such additional Series of Bonds.

(A) No Event of Default shall have occurred and then be continuing (or the issuance of the Bonds will cure any such Event of Default).

(B) The Supplemental Indenture providing for the issuance of such Series shall state whether the Bonds of such Series are Participating Bonds. If the Bonds of such Series are Participating Bonds, the Supplemental Indenture shall require a deposit of the amount, if any, necessary to increase the amount on deposit in the Bond Reserve Fund to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Participating Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds. Subject to the provisions of the Indenture described above under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” in the event a Supplemental Indenture providing for the issuance of such Series shall require either (i) the establishment of a Bond Series Reserve Fund to provide additional security for such Series of Bonds, or (ii) that the balance on deposit in an existing Bond Series 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 Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond Series Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds, the Supplemental Indenture providing for the issuance of such additional Series of 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 Bonds and may be made from the proceeds of the sale of such Series of 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 Bonds issued under the Indenture shall not exceed any limitation imposed by the Act or any other law or by any Supplemental Indenture.

(D) The Authority shall deliver to the Trustee a Certificate of the Authority certifying that the lesser of (i) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 2.0 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based. In the event that there has not yet been a full twelve (12) consecutive months (selected by the Authority ) during the eighteen (18) months or full Fiscal Year of Sales Tax Revenues for purposes of making the calculation in the preceding sentence, the Authority may use the original Measure A Sales Tax Revenues as a proxy.

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

Nothing in the Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of 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 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 pursuant to the provisions of the Indenture described in paragraph (D) above as if such additional assets or revenues had always been included in “Revenues.”

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture described in paragraph (D) of the previous section; provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds. Such 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 Parity Obligations to be refunded;
- (2) all expenses incident to the calling, retiring or paying of such Outstanding Bonds or outstanding Parity Obligations and the Costs of Issuance of such 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 Bonds or Parity Obligations to be refunded;
- (4) interest on all Outstanding Bonds or outstanding Parity Obligations to be refunded to the date such Bonds or Parity Obligations will be called for redemption or paid at maturity;

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

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

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

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

(2) A Certificate of the Authority certifying: (i) that Maximum Annual Debt Service on all Bonds and Parity Obligations which will be outstanding following the issuance of such Series of Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and Parity Obligations outstanding prior to the issuance of such Refunding Bonds; and (ii) that the requirements of the Indenture described in paragraphs (A), (B), and (C) under the caption "Issuance of Additional Bonds" are satisfied.

(3) If any of the 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 Bonds or Parity 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 Bonds and Parity Obligations proposed to be redeemed (whether canceled or uncanceled) with irrevocable instructions to the Trustee to cancel said Bonds or Parity Obligations so to be redeemed upon the exchange and delivery of said Refunding Bonds; and provided further that no provision of the Indenture shall be construed to require the redemption of 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 the Indenture and that such Series of Refunding Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding obligations of the Authority.

Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations. The Authority will not, so long as any of the 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 the Indenture, as described above under the caption "Issuance of Additional Bonds."

(B) Refunding Bonds authorized pursuant to the Indenture, as described above under the caption "Issuance of Refunding Bonds."

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



(1) Such Parity 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 the issuance of the Bonds will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Authority to that effect;

(3) Such Parity Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds or (ii) the Authority shall have delivered to the Trustee a Certificate of the Authority, upon which the Trustee may conclusively rely certifying that the requirements set forth in the Indenture relating to the issuance of an additional Series of Bonds have been satisfied with respect to such Parity Obligations, which Certificate shall also set forth the computations upon which such Certificate is based; provided, however that if the Parity Obligation being issued or incurred consists of an Interest Rate Swap Agreement (excluding fees and expenses and termination payments on such Interest Rate Swap Agreement), the Authority shall be deemed to have complied with the requirements of the Indenture as described in this section, as evidenced by a Certificate of the Authority delivered to the Trustee, which Certificate shall also set forth the computations upon which such Certificate is based, the extent that the Series of Bonds to which the Interest Rate Swap Agreement relates (x) satisfies the requirements of the Indenture after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into concurrently with, or subsequent to, the issuance of such Bonds), or (y) is expected to satisfy the requirements of the Indenture after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into in advance of the issuance of such Bonds); and

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

(D) Subordinate Obligations, provided that the following conditions to 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 the issuance of the Bonds will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Authority to that effect;

(3) Such Subordinate Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds or (ii) the Authority shall deliver to the Trustee a Certificate of the Authority certifying that the lesser of (x) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (y) the estimated Sales Tax Revenues for the Fiscal Year in which such Subordinate Obligations are to be issued or incurred, shall have been, or will be, as applicable, at least equal to 1.0 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Subordinate

Obligations then proposed to be issued or incurred, which Certificate shall also set forth the computations upon which such Certificate is based; provided, however that if the Subordinate Obligation being issued or incurred consists of an Interest Rate Swap Agreement (excluding fees and expenses and termination payments on such Interest Rate Swap Agreement), the Authority shall be deemed to have complied with the foregoing requirements of the Indenture as described in this section, as evidenced by a Certificate of the Authority delivered to the Trustee, which Certificate shall also set forth the computations upon which such Certificate is based, to the extent that the Series of Bonds, Parity Obligations or Subordinate Obligations to which the Interest Rate Swap Agreement relates (x) satisfies the foregoing requirements of the Indenture as described above after taking into account the adjustment of Debt Service on the Bonds, Parity Obligations or Subordinate Obligations to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into concurrently with, or subsequent to, the issuance of such Bonds, Parity Obligations or Subordinate Obligations), or (y) is expected to satisfy the requirements of the Indenture as described in this paragraph after taking into account the adjustment of Debt Service on the Bonds or Subordinate Obligations to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into in advance of the issuance of such Bonds or Subordinate Obligations); and

(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) Fee and Expense Obligations.

Calculation of Maximum Annual Debt Service with Respect to Bonds and Parity Obligations. Maximum Annual Debt Service with respect to Bonds shall be determined 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. Maximum Annual Debt Service with respect to Parity Obligations shall be determined no later than the date of incurrence of such Parity Obligations utilizing the assumptions set forth in the definition of Debt Service; provided, however, that if a Parity Obligation is contingent upon funds being provided pursuant to such Parity Obligation to pay principal, or purchase price of, or interest on a Bond, such Parity Obligations shall not be considered outstanding until such payment is made thereunder.

### **Designation of Parity Obligations and Fee and Expense Obligations**

The obligation of the Authority to make payments required under the Initial Swaps (excluding fees and expenses and termination payments under the Initial Swaps) constitutes a Parity Obligation under the Indenture and the obligation of the Authority to pay fees and expenses and termination payments under the Initial Swaps constitutes a Fee and Expense Obligation under the Indenture. The Authority shall designate additional Parity Obligations, Subordinate Obligations or Fee and Expense Obligations in a Supplemental Master Indenture or a Certificate of the Authority delivered to the Trustee concurrently with the issuance or incurrence of such Parity Obligations, Subordinate Obligations or Fee and Expense Obligations.

### **Certain Covenants of the Authority**

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

the 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 the Indenture. The Authority will punctually pay or cause to be paid all Parity Obligations, Subordinate Obligations and Fee and Expense Obligations.

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 under the Indenture, to the benefits of the 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 described 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.

Against Encumbrances. The Authority will not create any pledge, lien or charge upon any of the Sales Tax Revenues having priority over or having parity with the lien of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations.

Collection of Sales Tax Revenues. The Authority covenants and agrees that it has duly levied the 2004 Measure A Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Authority and the electorate of the County of Sacramento. Said Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Authority will continue to levy and collect the 2004 Measure A Sales Tax to the full amount permitted by law. The Authority has entered into an agreement (the "2007 Agreement") with the State Board of Equalization under and pursuant to which the State Board of Equalization has agreed to process and supervise collection of the 2004 Measure A Sales Tax and transmit the Sales Tax Revenues directly to Deutsche Bank National Trust Company, as trustee under the Prior Indenture. The Authority covenants to amend the 2007 Agreement as soon as practicable to provide that the Sales Tax Revenues will be transmitted directly to the Trustee and until that amended agreement is in effect, Deutsche Bank National Trust Company agrees to deposit the Sales Tax Revenues received under the 2007 Agreement in accordance with the provisions of the Indenture. Said agreement with the State Board of Equalization (whether the 2007 Agreement or any amendment or replacement agreement) will be continued in effect so long as any of any Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid and shall not be further 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 Sales Tax Revenues paid to the Authority by the State Board of Equalization. Sales Tax Revenues received by the Trustee shall be transmitted to the Authority pursuant to the Indenture; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied in accordance with the provisions of the Indenture described below under the caption "Events of Default and Remedies – Application of Revenues and Other Funds After Default; No Acceleration.". 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. 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.

Continuing Disclosure. Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Authority covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate 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 Certificate shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriters 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 the Indenture.

### **Events of Default and Remedies**

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 Bond 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 Bond 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 the 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 Enhancement 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 Parity 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 voluntary bankruptcy or commences any similar proceeding 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 ordering relief under any applicable bankruptcy or insolvency law, or appointing a trustee or receiver of the Authority, or approving a bankruptcy petition filed against 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;

(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 180200 to 180207, inclusive, of the Public Utilities Code of the State unless the Authority has determined that said repeal or amendment does not materially and adversely affect the rights of Bondholders; or

(I) any Event of Default designated as such in a Supplemental Indenture.

Application of 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 the Indenture (excluding the Rebate Fund, any Letter of Credit Fund and any Purchase Fund and except as otherwise provided in the 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 Bonds and Parity 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 the Indenture;

(2) to the payment of the whole amount of Bond Obligation then due on the Bonds and amounts then due on Parity Obligations (upon presentation of the Bonds and Parity 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 the Indenture, with interest on such Bond Obligation, at the rate or rates of interest borne by the respective Bonds and on Parity 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 Bonds and Parity 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 and Parity Obligations at the rate borne by the respective Bonds and Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the Bonds and Parity 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) or other amounts due on such date to the persons entitled thereto, without any discrimination or preference;

(3) to the payment of Subordinate Obligations, provided that if the amount available shall not be sufficient to pay in full all Subordinate Obligations due on any date, then to the payment thereof ratably, according to the amounts due on such date to the persons entitled thereto, without any discrimination or preference;

(4) to the payment of Fee and Expense Obligations, provided that, if the amount available shall not be sufficient to pay in full all Fee and Expense Obligations due on any date, then to the payment thereof ratably, according to the amounts due on such date to the persons entitled thereto, without any discrimination or preference; and

(5) to the payment of all other obligations payable under the Indenture.

Notwithstanding anything to the contrary in the Indenture, in no event are the Bonds subject to acceleration if an Event of Default occurs and is continuing except that Liquidity Facility Bonds are subject to acceleration as set forth in the Liquidity Facility.

Trustee to Represent Bondholders. The Trustee is 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, the Indenture, the Act 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 Bonds for which a Credit Enhancement has been provided, upon the written request of the Credit Enhancement Provider providing such Credit Enhancement, or if such Credit Enhancement Provider is then failing to make a payment required pursuant to such Credit Enhancement, upon the written request of the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds 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 the Indenture, the Act 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 the 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 Enhancement Provider providing such Credit Enhancement. All rights of action under the 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 the Indenture.

Bondholders' Direction of Proceedings. Anything in the Indenture to the contrary (except provisions relating to the rights of a Credit Enhancement Provider to direct proceedings as set forth in the Indenture as described below) notwithstanding, the Holders of a majority in aggregate amount of Bond Obligation of the Bonds 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 under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the 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 Parity Obligations not parties to such direction.

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 the Indenture, the Act 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 granted by the Indenture 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 Enhancement 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 Enhancement 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 declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture 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 the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Act 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 the Indenture.

Credit Enhancement 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 in the Indenture, the Credit Enhancement Provider then providing Credit Enhancement for any Series of Bonds shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Bonds secured by such Credit Enhancement or granted to the Trustee for the benefit of the Holders of the Bonds secured by such Credit Enhancement, provided that the Credit Enhancement Provider's consent shall not be required as otherwise provided herein if such Credit Enhancement Provider is in default of any of its payment obligations as set forth in the Credit Enhancement provided by such Credit Enhancement Provider.

### **Modification or Amendment to the Indenture**

Amendments Permitted With Consent of Holders. The Indenture and the rights and obligations of the Authority, the Holders of the Bonds and the Trustee may be modified or amended 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; provided 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. The Credit Enhancement Provider for a Series of Bonds shall be deemed to be the Holder of such Series for all purposes of the Indenture except the payment of principal of and interest on the Bonds.

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 the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (in each case, except as

expressly provided in the 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, 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.

Amendments Permitted Without Consent of Holders. The 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 by a Supplemental Indenture, which the Authority and the Trustee may enter without the consent of any Bondholders, but only to the extent permitted by the Act and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority in the 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 the Indenture, or in regard to matters or questions arising under the 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 the Indenture in such manner as to permit the qualification of the Indenture 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 of the Indenture;

(5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Build America Bonds, Capital Appreciation Bonds, Parity Obligations, Subordinate Obligations, Fee and Expense 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 the Indenture relating to the Issuance of Additional Bonds or Issuance of Refunding Bonds;

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

(10) 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;

(11) 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;

(12) to modify, alter, amend or supplement the Indenture in any other respect, including amendments that would otherwise be described in the Indenture as described above under the caption "Amendments Permitted With Consent of Holders," 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 the 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 the Indenture or if all Bonds affected thereby are in an auction mode and a successful auction is held following notice of such amendment; and

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

Any Supplemental Indenture entered into pursuant to the Indenture as described in 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 Enhancement Provider shall have given its written consent to such Supplemental Indenture.

## **Defeasance**

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 the Indenture as described below under the caption "Deposit of Money or Securities") 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 also pay or cause to be paid all other sums payable and to be payable under the Indenture (including any termination payment payable under an Interest Rate Swap Agreement) and under any Parity Obligations, Subordinate Obligations and Fee and Expense Obligations 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 the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Sales Tax Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the 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 the 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.

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 the Indenture as described in the next section) 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 provided in the Indenture 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 after any required notice is provided 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 any 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 to the contrary, if the principal of or interest on a Series of Bonds shall be paid by a Credit Enhancement 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 in the Indenture and the obligations of the Authority under the Indenture shall not be discharged and shall continue to exist and to run to the benefit of such Credit Enhancement Provider, and such Credit Enhancement Provider shall be subrogated to the rights of the Holders of the Bonds of such Series.

Deposit of Money or Securities. Whenever in the 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 the 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 provided in the Indenture 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) Investment Securities described in clause (A) of the definition thereof 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 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 provided in the Indenture 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 the 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.

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 the 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 to the Authority free from the trusts created by the 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.

### **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 the 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 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 the Indenture and the Trustee may conclusively rely on such certificate.

### **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 contained in the Indenture 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 the Indenture.

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

**The following information concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from sources that the Authority and the Underwriters believe to be reliable, but neither the Authority nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Official Statement and in APPENDIX C – “Summary of Certain Provisions of the Indenture.”**

The information concerning DTC set forth herein has been supplied by DTC, and the Authority and the Underwriters assume no responsibility for the accuracy thereof.

Unless a successor securities depository is designated pursuant to the Indenture, DTC acts as Securities Depository for the Series 2023 Bonds. The Series 2023 Bonds were delivered 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 Series 2023 Bond will be delivered for each maturity of the Series 2023 Bonds and deposited with DTC.

**DTC and Its Participants.** DTC, the world’s largest depository, 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 corporation” 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 transfer 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 and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

**Purchase of Ownership Interests.** Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2023 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 Series 2023 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 Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 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 Series 2023 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 Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities 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.

**Notices and Other Communications.** 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. THE AUTHORITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2023 BONDS.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within an issue 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.

**Voting Rights.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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 Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Redemption Proceeds.** Payments of principal and interest with respect to the Series 2023 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 on interest payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the interest payment date. Payments by 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 nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of 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.

THE TRUSTEE AND THE AUTHORITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2023 BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF SERIES 2023 BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED

BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE SERIES 2023 BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE SERIES 2023 BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2023 BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2023 BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2023 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE SERIES 2023 BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2023 BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION “TAX MATTERS” HEREIN)

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2023 Bonds, payment of principal and interest with respect to the Series 2023 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial owner interest in such Series 2023 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

**Discontinuance of Book-Entry System.** DTC may discontinue providing its services as securities depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2023 Bonds are required to be printed and delivered as described in the Indenture.

The Authority may decide to discontinue use of the system of book entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Series 2023 Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15<sup>th</sup> day after the Trustee’s receipt of such request.

## APPENDIX E

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[ ], 2023

Sacramento Transportation Authority  
Sacramento, California

Sacramento Transportation Authority  
Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of \$[PAR] aggregate principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Bonds”), issued pursuant to an indenture, dated as of September 1, 2009 (as supplemented and amended, including by the Eighth Supplemental Indenture, dated as of September 1, 2023, the “Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by the Authority; opinions of counsel to the Authority and the Trustee; certificates of the Authority, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of



judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion or view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of all amounts owing on the Bonds, of the Revenues and the other assets pledged therefor under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX F

### PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of September \_\_, 2023, is executed and delivered by the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of its Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (the “Bonds”). The Bonds were issued pursuant to an Indenture, dated as of September 1, 2009 (the “Original Indenture”), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of September 1, 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." Pursuant to the Indenture, the Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

“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.

“Disclosure Representative” shall mean the designee of the Authority to act as the Disclosure Representative.

“Dissemination Agent” shall mean an entity selected and retained by the Authority, or any successor thereto selected by the Authority. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association, as trustee under the Indenture.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“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 Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated

by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriters” shall mean the Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“SEC” shall mean the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, not later than 270 days after the end of the Authority’s fiscal year, commencing with the fiscal year ending June 30, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent. The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice 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) (if the Dissemination Agent is other than the Authority), to the extent appropriate information is available to it, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, the filing of the Annual Report due after the Annual Report for fiscal year ending June 30, 2018 shall be made in accordance with the MSRB’s EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Authority's 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 Authority's 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 final Official Statement relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update (as of the most recently ended fiscal year of the Authority) for the table entitled "Sacramento Transportation Authority Historical 1988 Measure A and 2004 Measure A Sales Tax Revenues" set forth in the Official Statement under the caption "THE SALES TAX – Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues."

(c) A summary of all Bonds and Parity Obligations Outstanding as of the most recently ended fiscal year of the Authority.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), 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 Significant Events.

(a) Pursuant to the provisions of this paragraph 5, the Authority shall provide (or cause to be provided) notice to the MSRB of the occurrence of any of the following events numbered 1-18 with respect to Bonds in a timely manner but not later than ten business days after the occurrence of the event. The notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (4) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (5) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or issuance of adverse tax opinions;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;

- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. 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 Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental 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 Obligated Person.

- (10) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of Bonds or other material events affecting the tax status of Bonds;
- (11) Modifications to rights of Bondholders;
- (12) Bond calls;
- (13) Release, substitution, or sale of property securing repayment of Bonds;
- (14) Non-payment related defaults;
- (15) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;
- (16) Appointment of a successor or additional trustee or the change of name of a trustee;
- (17) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; or
- (18) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

*Note:*

- (a) *The Authority has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit providers for the Bonds.*
- (b) *Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Specified Event within the meaning of the Rule.*

(b) The Authority shall provide (or cause to be provided) to the MSRB notice of the occurrence of any of the events listed in subsections 10-16 of paragraph 5(a) with respect to the Bonds, if material in a timely manner but not later than ten business days after the occurrence of the event. Such notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

(c) For purposes of the events described in subsection (17) and subsection (18) of paragraph 5(a) above, the term “financial obligation” means 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 to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) The Authority acknowledges that it must make a determination whether a Specified Event listed in subsections 10-16 of paragraph 5(a) is material under applicable federal securities laws in order to determine whether a filing is required under subsections 10-16 of paragraph 5.

**SECTION 6. Termination of Reporting Obligation.** The obligations of the Authority and the Dissemination Agent under this Disclosure Certificate 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(a) hereof.

**SECTION 7. 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 Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days’ notice in writing to the Authority.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy

under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, 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 connection with 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 Distract, the Bondholders, 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SACRAMENTO  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_

Receipt Acknowledged By:  
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
AS DISSEMINATION AGENT

By: \_\_\_\_\_



**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Transportation Authority

Name of Bond Issue: \$ \_\_\_\_\_ Sacramento Transportation Authority Measure A Sales  
Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds)

Date of Initial Issuance: \_\_\_\_\_, 2023

NOTICE IS HEREBY GIVEN that the Sacramento Transportation Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture, dated as of September 1, 2009 (the "Original Indenture"), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of September 1, 2023 (the "Eighth Supplemental Indenture"), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." The Authority anticipates that the Annual Report will be filed by U.S. Bank Trust Company, National Association.

Dated:

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of the Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

cc: Sacramento Transportation Authority

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EIGHTH SUPPLEMENTAL INDENTURE

between

SACRAMENTO TRANSPORTATION AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee

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Dated as of September 1, 2023

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Relating To

[\$[PAR]]  
SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023  
(LIMITED TAX BONDS)

(Supplementing the Indenture, dated as of September 1, 2009,  
as previously supplemented and amended)

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## EIGHTH SUPPLEMENTAL INDENTURE

This EIGHTH SUPPLEMENTAL INDENTURE, dated as of September 1, 2023 (this “Eighth Supplemental Indenture”), between the SACRAMENTO TRANSPORTATION AUTHORITY, a local transportation authority duly established and existing under the laws of the State of California (the “Issuer”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as successor trustee (the “Trustee”);

### WITNESSETH:

WHEREAS, this Eighth Supplemental Indenture is supplemental to the Indenture, dated as of September 1, 2009 (the “Original Indenture” as supplemented and amended from time to time pursuant to its terms, including by this Eighth Supplemental Indenture, the “Indenture”), between the Issuer and the Trustee;

WHEREAS, capitalized terms used herein and not defined shall have the meanings assigned to them in the Indenture;

WHEREAS, the Indenture provides that the Issuer 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, in accordance with the Act and Section 3.01 of the Indenture, the Issuer has determined to issue the Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Series 2023 Bonds”), in the aggregate principal amount of \$[PAR], for the purpose of providing funds to refund the Refunded Bonds (as defined herein) and pay the costs of early termination of the Swap Transactions (as defined herein), as provided in this Eighth Supplemental Indenture;

WHEREAS, the execution and delivery of this Eighth Supplemental Indenture has in all respects been duly and validly authorized by a resolution duly passed and approved by two-thirds vote of the governing board of the Issuer as required by Section 180252 of the Act; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed necessary to make the Series 2023 Bonds, when duly executed by the Issuer and authenticated and delivered by the Trustee, valid and binding limited obligations of the Issuer payable in accordance with their terms, and to constitute this Eighth Supplemental Indenture a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its conditions and terms, do exist, have happened and have been performed in the time, form and manner required by law, and the execution and entering into of this Eighth Supplemental Indenture and the execution and delivery of the Series 2023 Bonds, subject to the terms hereof, have been in all respects duly authorized;

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on the Series 2023 Bonds executed, authenticated and delivered hereunder according to

their tenor, and to secure the performance and observance of all the agreements, conditions, covenants and terms set forth therein and herein, and to declare the conditions and terms upon and subject to which the Series 2023 Bonds will be executed, authenticated and delivered, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2023 Bonds by the Holders thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Issuer does hereby agree and covenant with the Trustee, for the benefit of the Holders from time to time of the Series 2023 Bonds, as follows:

## ARTICLE XLIII

### DEFINITIONS; AMENDMENTS TO INDENTURE

SECTION 43.01. Definitions. All terms which are defined in Section 1.02 of the Indenture shall (except as otherwise provided herein) have the same definitions, respectively, in this Eighth Supplemental Indenture that are given to such terms in Section 1.02 of the Indenture.

SECTION 43.02. Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Eighth Supplemental Indenture, have the following meanings:

“BofA” means Bank of America, N.A.

“BofA Swap Agreement” means, collectively, (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by the First Amendment, dated as of December 14, 2017, each between the Issuer and BofA; (ii) the ISDA U.S. Municipal Counterparty Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA; and (iv) the Confirmation No. 4847090, dated October 18, 2006.

“BofA Swap Transaction” means the trade documented by and related to the BofA Swap Agreement.

“Goldman” means Goldman Sachs Capital Markets, L.P.

“Goldman Swap Agreement” means, collectively, (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by an Amendment, dated as of December 15, 2017, each between the Issuer and Goldman; (ii) the ISDA U.S. Municipal Counterparty Schedule, dated as of October 18, 2006, between the Issuer and Goldman, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and Goldman; (iv) Guaranty, dated November 17, 2006, by Goldman Sachs Group, Inc., and (v) Confirmation No. 00665856101, dated October 18, 2006.

“Goldman Swap Transaction” means the trade documented by and related to the Goldman Swap Agreement.

“JPM” means JPMorgan Chase Bank, N.A.

“JPM Swap Agreement” means, collectively, (i) the ISDA Master Agreement, dated as of October 18, 2006, between the Issuer and Bear Stearns Financial Products Inc., and assigned to JPM pursuant to an Assignment Agreement, dated as of April 14, 2009, (ii) the ISDA Amended and Restated U.S. Municipal Counterparty Schedule, dated as of December 28, 2017, between the Issuer and JPM, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of December 28, 2017, between the Issuer and JPM; and (iv) Second Amended and Restated Confirmation No. 0500007012708, dated December 28, 2017.

“JPM Swap Transaction” means the trade documented by and related to the JPM Swap Agreement.

“Refunded Bonds” means, collectively, the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds.

“Series 2009C Bonds” means the Issuer’s Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) issued by the Issuer in the original aggregate principal amount of \$106,100,000.

“Series 2014A Bonds” means the Issuer’s Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) issued by the Issuer in the original aggregate principal amount of \$106,100,000.

“Series 2015A Bonds” means the Issuer’s Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds) issued by the Issuer in the original aggregate principal amount of \$106,100,000.

“Swap Transactions” means, collectively, the BofA Swap Transaction, the JPM Swap Transaction and the Goldman Swap Transaction.

SECTION 43.03. Amendments to Indenture. For all purposes of the Indenture and of any Supplemental Indenture, including this Eighth Supplemental Indenture, and of any certificate, opinion or other document therein mentioned, Section 1.02 of the Indenture is hereby amended and supplemented pursuant to Section 9.01(A) as follows:

- (A) The definition “One Month USD LIBOR Rate” is hereby deleted in its entirety.
- (B) The definition “SOFR Index” is hereby added as follows:

“SOFR Index” means, for any day, the one-month forward looking secured overnight financing rate as administered by the CME Group Benchmark Administration Limited (CBA) (or a successor administrator selected by the Authority).

- (C) Paragraph (D) of the definition of Debt Service is hereby amended as follows (with deletions bracketed and struck through and additions bolded and underlined):

(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%~~] **110%** of the average [~~One Month USD LIBOR Rate~~] **SOFR Index** during the [~~five (5) years preceding such date of~~] **twelve (12) months ending with the month preceding the month in which the calculation is made** or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

SECTION 43.04. Bondholder Consent to Amendment. By their purchase of the Series 2023 Bonds, the original purchasers and all subsequent Holders of the Series 2023 Bonds and the Beneficial Owners of the Series 2023 Bonds (i) irrevocably consent to, and shall be deemed to have irrevocably consented to, and have approved, the amendment described in Section 43.03 of the Indenture, and (ii) waive, and be deemed to have waived, and consented to any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Indenture in order to implement the amendments to the Indenture contemplated by the Eighth Supplemental Indenture. Any such consent and waiver will be effective on the Effective Date (as defined in Section 43.05 herein), will be binding on any subsequent purchaser of any Series 2023 Bonds and the Beneficial Owners of the Series 2023 Bonds, and may not be revoked after the issuance of the Series 2023 Bonds.

SECTION 43.05. Effectiveness of Amendment. The amendment described in Section 43.03 of the Indenture shall become effective on the date (the “Effective Date”) which is the later of the receipt of: (i) the consent of Holders of a majority in aggregate principal amount of Bonds and (ii) the date on which the Issuer and the Trustee receive consents to such amendment from each Liquidity Provider and each Counterparty.

## ARTICLE XLIV

### FINDINGS AND DETERMINATIONS

SECTION 44.01. Findings and Determinations. The Issuer hereby finds and determines that the Series 2023 Bonds shall be issued pursuant to Section 3.01 and upon the issuance of the Series 2023 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 44.02. Recital in Bonds. There shall be included in each of the definitive Series 2023 Bonds, and also in each of the temporary Series 2023 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 Series 2023 Bond, and in the issuing of that Series 2023 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 Series 2023 Bond, together with all other indebtedness of the Issuer 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 Series 2023 Bond attached hereto as Exhibit A.

SECTION 44.03. Effect of Findings and Recital. From and after the issuance of the Series 2023 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 Series 2023 Bonds is at issue.

SECTION 44.04. Series 2023 Bonds are not Participating Bonds. The Series 2023 Bonds are not Participating Bonds under the Indenture.

## ARTICLE XLV

### AUTHORIZATION OF SERIES 2023 BONDS

SECTION 45.01. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$[PAR]. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds).”

SECTION 45.02. Purpose and Application of Proceeds and Other Moneys. The Series 2023 Bonds are issued to provide for the refunding of all of the Refunded Bonds and the payment of costs associated with the early termination of the Swap Transactions. The proceeds from the sale of the Series 2023 Bonds in the amount of \$[ ] (comprised of \$[PAR] aggregate principal amount, [plus/less] [net] original issue [premium/discount] of \$[ ] and less an underwriters’ discount of \$[ ]), [together with \$[ ] from the Interest Funds relating to the Refunded Bonds], shall be deposited with the Trustee, and shall be held in trust and set aside or transferred by the Trustee as follows:

(A) \$[ ] shall be transferred to the Redemption Fund and (i) \$[ ] shall be used to redeem the Series 2009C Bonds on the date of delivery of the Series 2023 Bonds (also referred herein as the “Redemption Date”), (ii) \$[ ] shall be used to redeem the Series 2014A Bonds on the Redemption Date, and (iii) \$[ ] shall be used to redeem the Series 2015A Bonds on the Redemption Date;

(B) \$[ ] shall be deposited with the Trustee and transferred by the Trustee to the Series 2023 Costs of Issuance Fund, a segregated fund established pursuant to Section 45.07;

(C) [ ] shall be deposited with the Trustee and transferred by the Trustee to BofA pursuant to instructions provided by the Issuer for the payment of the termination payment of the BofA Swap Transaction;

(D) [ ] shall be deposited with the Trustee and transferred by the Trustee to JPM pursuant to instructions provided by the Issuer for the payment of the termination payment of the JPM Swap Transaction; and

(E)  shall be deposited with the Trustee and transferred by the Trustee to Goldman pursuant to instructions provided by the Issuer for the payment of the termination payment of the Goldman Swap Transaction.

The Trustee may establish a temporary fund or account in its records to facilitate and record such deposit and transfer.

SECTION 45.03. Form, Denomination and Interest.

(A) The Series 2023 Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or integral multiples thereof. The Series 2023 Bonds shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, and shall be evidenced by one Series 2023 Bond for each of the maturity dates as set forth below in this Section 45.03 in a denomination corresponding to the total principal amount of the Series 2023 Bonds to mature on such date. Each Series 2023 Bond shall be assigned a distinctive number or letter or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the Series 2023 Bonds, or any portion thereof, may thereafter be transferred as set forth in Section 2.05 of the Indenture.

(B) The Series 2023 Bonds shall be of the tenor known as Current Interest Bonds.

(C) Interest on the Series 2023 Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

(D) The principal of and premium, if any, on the Series 2023 Bonds shall be payable when due upon presentation and surrender thereof at the Corporate Trust Office of the Trustee in lawful money of the United States of America.

(E) The Series 2023 Bonds shall be dated as of their date of issuance, shall bear interest from that date at the following rates per annum and shall mature on October 1 in the following years in the following amounts:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
<u>October 1</u>	<u>Amount</u>	<u>Rate</u>
<input type="checkbox"/>	\$ <input type="checkbox"/>	<input type="checkbox"/> %

(F) Interest on the Series 2023 Bonds shall be payable on April 1, 2024 and semiannually thereafter on April 1 and October 1 of each year by check mailed by first-class mail on each interest payment date to the Holder thereof as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month immediately preceding such interest payment date (whether or not the 15<sup>th</sup> day is a business day) (the “Record Date”); provided, however, that Holders of at least \$1,000,000 in aggregate principal amount of Series 2023 Bonds may, at any time prior to a Record Date, give the Trustee written instructions for payment of such interest on each succeeding interest payment date by wire transfer.

SECTION 45.04. Redemption of the Series 2023 Bonds.

(A) Optional Redemption. The Series 2023 Bonds maturing on and after October 1, 20[ ] are subject to redemption prior to their respective stated maturities, at the option of the Issuer, from any source of available funds, on any date on or after October 1, 20[ ], as a whole, or in part by such maturity or maturities as may be specified by Request of the Issuer (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

(B) Selection of Bonds for Optional Redemption. The Issuer shall designate which maturities of any Series 2023 Bonds are to be called for optional redemption pursuant to subsection (A) above. If less than all Series 2023 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2023 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Issuer in writing of the numbers of the Series 2023 Bonds so selected for redemption. For purposes of such selection, Series 2023 Bonds 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 Issuer may designate the Mandatory Sinking Account Payments under subsection (E), or portions thereof, that are to be reduced as allocated to such redemption.

(C) Sufficient Funds Required for Optional Redemption. Any optional redemption of Series 2023 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 Series 2023 Bonds called for redemption.

(D) Notice of Optional Redemption. Notice of redemption of the Series 2023 Bonds shall be provided in accordance with, and subject to, the provisions of Section 4.02; provided that, solely with respect to the Series 2023 Bonds, such notice shall be mailed by the Trustee not less than twenty (20) nor more than sixty (60) days prior to the redemption date.

(E) Mandatory Sinking Account Redemption. The Series 2023 Bonds that are Term Bonds are subject to mandatory redemption from Mandatory Sinking Account Payments for the Series 2023 Bonds, on each date a Mandatory Sinking Account Payment for the Series 2023 Bonds 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 Series 2023 Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

Series 2023 Bonds due 20[ ]			
Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment	Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment

[ ]

[\$ ]

[ ]

[\$ ]

\* Final Maturity

(F) Selection of Bonds for Mandatory Sinking Account Redemption. If less than all Series 2023 Bonds 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 Series 2023 Bonds of such maturity date to be redeemed by lot in any manner that it deems appropriate, provided that the Trustee shall promptly notify the Issuer in writing of the numbers of the Series 2023 Bonds so selected for redemption. For purposes of such selection, Series 2023 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

(G) Purchase In Lieu of Redemption. The Issuer reserves the right at all times to purchase any of its Series 2023 Bonds on the open market. In lieu of mandatory redemption, the Issuer may surrender to the Trustee for cancellation Series 2023 Bonds purchased on the open market, and such Series 2023 Bonds shall be cancelled by the Trustee. If any Series 2023 Bonds are so cancelled, the Issuer may designate the Mandatory Sinking Account Payments or portions thereof within the Series 2023 Bonds so purchased that are to be reduced as a result of such cancellation.

SECTION 45.05. Form of Series 2023 Bonds. The Series 2023 Bonds and the certificate of authentication to be executed thereon shall be in substantially the form set forth as Exhibit A to this Eighth Supplemental Indenture.

SECTION 45.06. Issuance of Series 2023 Bonds. At any time after the execution and delivery of this Eighth Supplemental Indenture, the Issuer may execute and the Trustee shall authenticate and deliver the Series 2023 Bonds upon the Order of the Issuer.

SECTION 45.07. Establishment and Application of Series 2023 Costs of Issuance Fund.

(A) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2023 Costs of Issuance Fund." The moneys deposited in the Series 2023 Costs of Issuance Fund shall be used and withdrawn by the Issuer to pay the Costs of Issuance of the Series 2023 Bonds. All investment earnings on funds held in such separate fund shall be deposited in the Series 2023 Costs of Issuance Fund unless the Issuer instructs the Trustee to deposit such investment earnings or a portion thereof in the Revenue Fund or the Rebate Fund.

(B) Before any payment from the Series 2023 Costs of Issuance Fund shall be made by the Trustee, the Issuer shall file or cause to be filed with the Trustee a Requisition of the Issuer, such Requisition of the Issuer to be in substantially such form as is set forth in Exhibit B hereto. Upon issuance of each such Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Series 2023 Costs of Issuance Fund. The Trustee and the Issuer shall retain a record of the Requisitions from the Series 2023 Costs of Issuance Fund.

(C) Any amounts remaining in the Series 2023 Costs of Issuance Fund one hundred eighty (180) days after the date of issuance of the Series 2023 Bonds shall be transferred to the Interest

Fund established in accordance with Section 5.02, in respect of the Series 2023 Bonds, and the Series 2023 Costs of Issuance Fund shall be closed.

SECTION 45.08. Continuing Disclosure. The Issuer covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of issuance of the Series 2023 Bonds (the “Continuing Disclosure Certificate”), executed by the Issuer. Notwithstanding any other provision of the Indenture, failure of the Issuer to comply with the Continuing Disclosure Certificate 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 the Series 2023 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 Issuer to comply with its obligations under this Section.

## ARTICLE XLVI

### MISCELLANEOUS PROVISIONS

SECTION 46.01. Terms of Series 2023 Bonds Subject to the Indenture. Except as in this Eighth Supplemental Indenture expressly provided, every term and condition contained in the Indenture shall apply to this Eighth Supplemental Indenture and to the Series 2023 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Eighth Supplemental Indenture.

This Eighth Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

SECTION 46.02. Effective Date of Eighth Supplemental Indenture. This Eighth Supplemental Indenture shall take effect upon its execution and delivery.

SECTION 46.03. Execution in Counterparts and Electronic Signatures. This Eighth 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. Each of the parties hereto agrees that the transaction consisting of this Eighth Supplemental Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party’s intent, that if such party signs this Eighth Supplemental Indenture using an electronic signature, it is signing, adopting, and accepting this Eighth Supplemental Indenture and that signing this Eighth Supplemental Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Eighth Supplemental Indenture on paper. Each party acknowledges

that it is being provided with an electronic or paper copy of this Eighth Supplemental Indenture in a usable format.

*[Signature page follows]*

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

SACRAMENTO TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

ATTEST:

By: \_\_\_\_\_  
Clerk

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Trustee

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

**EXHIBIT A**

**[FORM OF SERIES 2023 BOND]**

No. R-\_\_\_ \$ \_\_\_\_\_

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX REVENUE REFUNDING BOND,  
SERIES 2023  
(LIMITED TAX BONDS)

<u>Maturity Date</u>	<u>Interest Rate Per Annum</u>	<u>Dated Date</u>	<u>CUSIP</u>
October 1, ___	_____%	[ ] [ ], 2023	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

SACRAMENTO TRANSPORTATION AUTHORITY, a local transportation authority organized and existing under and pursuant to the laws of the State of California (the “Issuer”), for value received, hereby promises to pay to the registered owner named above or registered assigns, on the Maturity Date specified above, the Principal Amount specified above, together with interest thereon from the Dated Date specified above until the principal hereof shall have been paid, at the Interest Rate Per Annum specified above, payable on April 1, 2024, and semiannually thereafter on April 1 and October 1 in each year. Interest hereon is payable in lawful money of the United States of America by check mailed by first-class mail on each interest payment date to the registered owner as of the close of business on the 15<sup>th</sup> day of the calendar month immediately preceding such interest payment date (whether or not the 15<sup>th</sup> day is a business day) (the “Record Date”); provided, however, that owners of at least \$1,000,000 aggregate principal amount of the Series 2023 Bonds (as defined herein) may, at any time prior to a Record Date, give the Trustee (as defined herein) written instructions for payment of such interest on each succeeding interest payment date by wire transfer. The principal hereof is payable when due upon presentation hereof at the Corporate Trust Office (as such term is defined in the Indenture, dated as of September 1, 2009 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Issuer and the Trustee) of U.S. Bank Trust Company, National Association, as trustee (together with any successor as trustee under the Indenture, the “Trustee”), in lawful money of the United States of America. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

This Bond is one of a duly authorized issue of Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds (Limited Tax Bonds) (the “Bonds”) of the series and designation indicated above and is a Current Interest Bond. Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in the Indenture, 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, all issued or to be issued pursuant to the provisions



of the Local Transportation Authority and Improvement Act, constituting Division 19 of the California Public Utilities Code, as amended from time to time (the “Act”) and the Indenture. This Bond is issued pursuant to the Indenture, as supplemented by a Eighth Supplemental Indenture thereto (the “Eighth Supplemental Indenture”), dated as of September 1, 2023, between the Issuer and the Trustee, authorizing the issuance of the Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Series 2023 Bonds”). This Bond is being issued on a parity with certain other Bonds issued pursuant to the Indenture and certain Parity Obligations incurred in accordance with the provisions of the Indenture. Certain additional Bonds may be issued and other obligations may be secured on a parity with this Bond, but only subject to the conditions and limitations set forth in the Indenture.

Reference is hereby made to the Indenture and to the Act for a description of the terms on which the Bonds (including the Series 2023 Bonds) are issued and to be issued, the provisions with regard to the nature and extent of the security for the Bonds (including the Series 2023 Bonds), the rights of the registered owners of the Bonds (including the Series 2023 Bonds) and the rights and obligations of the Issuer thereunder; and all the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the Issuer and the registered owners from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by such owners’ acceptance hereof, consents and agrees.

The Bonds (including the Series 2023 Bonds) and the interest thereon (to the extent set forth in the Indenture), together with the Parity Obligations heretofore or hereafter issued or incurred by the Issuer, and the interest thereon, are payable from, and are secured by a charge and lien on the Sales Tax Revenues (as defined in the Indenture). All of the Bonds (including the Series 2023 Bonds) and Parity Obligations are equally secured by a pledge of, and charge and lien upon, all of the Revenues (as defined in the Indenture), and the Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds (including the Series 2023 Bonds); but nevertheless out of Revenues certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds (including the Series 2023 Bonds) are limited obligations of the Issuer and are payable solely, both as to principal and interest and as to any premiums upon the redemption thereof, from the Revenues and certain funds held by the Trustee under the Indenture and the Issuer is not obligated to pay the Bonds (including the Series 2023 Bonds) except from such Revenues and such funds. The general fund of the Issuer is not liable, and the credit or taxing power (other than as described above) of the Issuer is not pledged, for the payment of the Bonds (including the Series 2023 Bonds) or their interest. The Bonds (including the Series 2023 Bonds) are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Issuer or any of its income or receipts, except the Revenues and certain funds held under the Indenture.

This Bond is subject to optional and mandatory redemption prior to its stated maturity date as described in the Indenture. This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and

cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, of the same Series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange herefor.

By their purchase of the Series 2023 Bonds, the original purchasers and all subsequent Holders of the Series 2023 Bonds and the Beneficial Owners of the Series 2023 Bonds irrevocably consent to, and shall be deemed to have irrevocably consented to, and have approved, the amendment described in Section 43.03 of the Indenture.

The Issuer, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Issuer and of the holders and registered owners of the Bonds (including the Series 2023 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 owners of Bonds (including the Series 2023 Bonds).

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, do 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 that this Bond, together with all other indebtedness of the Issuer pertaining to the Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or 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, SACRAMENTO TRANSPORTATION AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the Chairperson of its Governing Board and the Auditor-Controller of the Issuer and countersigned by the facsimile signature of its Clerk and this Bond to be dated as of the Dated Date set forth above.

SACRAMENTO TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Chairperson

By: \_\_\_\_\_  
Auditor-Controller

Attested:

By: \_\_\_\_\_  
Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture and authenticated on the date set forth below.

Dated: \_\_\_\_\_.

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Trustee

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

[FORM OF ASSIGNMENT]

For value received, \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ the within Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the Issuer at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

[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.

**EXHIBIT B**

**FORM OF SERIES 2023 COSTS OF ISSUANCE FUND REQUISITION**

**Requisition No. \_\_\_\_\_**

**Series 2023 Costs of Issuance Fund**

The undersigned, hereby certifies as follows:

1. I am [Name], [Title], an Authorized Representative of the Sacramento Transportation Authority, a local transportation authority duly organized and existing under and pursuant to the laws of the State of California ( the “Issuer”).

2. Pursuant to the provisions of the Indenture, dated as of September 1, 2009 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), I am delivering this Requisition on behalf of the Issuer. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

3. The undersigned hereby requests that the Trustee pay from the Series 2023 Costs of Issuance Fund created pursuant to Section 45.07 of the Indenture the amounts specified in Schedule I hereto to the persons identified in Schedule I.

4. The undersigned, acting on behalf of the Issuer, hereby certifies that: (a) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the Issuer and are presently due and payable; (b) each item is a proper charge against the Series 2023 Costs of Issuance Fund; and (c) each item has not been previously paid from the Series 2023 Costs of Issuance Fund.

Dated: \_\_\_\_\_.

SACRAMENTO TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Authorized Representative

**SCHEDULE I TO REQUISITION NO. \_\_\_\_\_**

<u>Name and Address of Party to be Paid</u>	<u>Payment Amount</u>	<u>Nature of Expenditure</u>	<u>Payment Instructions</u>
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**[/PAR]  
SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023  
(LIMITED TAX BONDS)**

**BOND PURCHASE CONTRACT**

[•], 2023

Sacramento Transportation Authority  
801 12<sup>th</sup> Street, 5<sup>th</sup> Floor  
Sacramento, California 95814

Ladies and Gentlemen:

BofA Securities, Inc. (the “*Representative*”), on behalf of itself and as representative of Wells Fargo Bank, National Association, and Siebert Williams Shank & Co., LLC (collectively, the “*Underwriters*”), hereby offers to enter into this Bond Purchase Contract with the Sacramento Transportation Authority (the “*Issuer*”), which, upon the Issuer’s acceptance hereof, will be binding upon the Issuer and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Contract by the Issuer and the delivery of such acceptance to the Representative or its attorney at or prior to 6:00 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer.

The Underwriters have designated the Representative to act as their representative, and the Representative hereby represents that it is duly authorized to execute this Bond Purchase Contract for and on behalf of the Underwriters and to act hereunder by and on behalf of the Underwriters.

1. Definitions. All capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture, as defined below. Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“2004 Measure A Sales Tax” shall have the meaning as defined in the Bond Resolution.

“Bonds” shall mean \$[/PAR] Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds).

“Bond Purchase Contract” shall mean this Bond Purchase Contract.

“Bond Resolution” shall mean Resolution No. STA 23-[•] adopted by the Issuer on August [•], 2023.



“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Issuer is legally authorized to close.

“Closing Date” shall have the meaning given such term in Section 7 hereof.

“Closing Time” shall mean the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate dated September [●], 2023, between the Issuer and the Trustee, as dissemination agent.

“County” shall mean the County of Sacramento.

“End of the Underwriting Period” shall have the meaning set forth in Section 8(p) hereof.

“Indenture” shall mean the Indenture, dated as of September 1, 2009, between the Issuer and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as previously amended, and as amended and supplemented by the Eighth Supplemental Indenture, dated as of September 1, 2023, between the Issuer and the Trustee.

“Legal Documents” shall mean the Indenture, the Continuing Disclosure Certificate and the Tax Certificate.

“Official Statement” shall mean the Official Statement of the Issuer, dated [●], 2023 relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Preliminary Official Statement” shall mean the Preliminary Official Statement of the Issuer, dated [●], 2023, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and additional supplements thereto.

“Rule 15c2-12” shall mean Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the Issuer dated the Closing Date.

2. Use and Preparation of Official Statement; Continuing Disclosure Certificate. The Issuer has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, which the Issuer has deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Issuer hereby agrees to deliver or cause to be delivered to the Underwriters, in sufficient time to accompany any confirmation that requests payment from any customer (but in no event later than seven (7) business days from the date hereof and at least two (2) business days prior to the Closing Date (as hereinafter defined), whichever occurs first), copies of the final Official Statement, dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12

and any amendments or supplements to such Official Statement as have been approved by the Issuer and the Representative) (such final Official Statement, including the cover page, the inside cover page, and appendices thereto, herein being referred to as the “**Official Statement**”) in sufficient quantities and/or in a designated electronic format (as defined in Municipal Securities Rulemaking Board Rule G-32) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Issuer hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Bonds. At the time of or prior to the Closing Date, the Representative shall file a copy of the Official Statement with the Municipal Securities Rulemaking Board.

The Issuer will undertake pursuant to the Continuing Disclosure Certificate, to provide certain annual financial and operating information and certain event notices. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

3. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters (acting as principals and independent contractors and not as advisors, agents or fiduciaries), jointly and severally, hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[PAR] aggregate principal amount of the Bonds at an aggregate purchase price of \$[•] (the “**Purchase Price**”), representing the aggregate principal amount of the Bonds, plus original issue premium of \$[•], less an Underwriters’ discount of \$[•].

4. The Bonds. The principal amounts, maturity dates, interest rates, prices and redemption provisions with respect to the Bonds shall be as described in the Official Statement and in Appendix A attached hereto.

5. Public Offering; 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 on the Closing Date an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Orrick, Herrington & Sutcliffe LLP, Bond Counsel (“**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.

(b) [Except for the Hold-the-Price Maturities described in subsection (c) below and Appendix A attached hereto] the Issuer 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). Appendix A attached hereto sets forth the maturities of the Bonds for which the 10% test has been satisfied as of the date of this Bond Purchase Contract (the “10% Test Maturities”) and the prices at which the Underwriters have sold such 10% Test Maturities to the public.

(c) [With respect to the maturities of the Bonds that are not 10% Test Maturities, as described in Appendix A attached hereto (the “**Hold-the-Price Maturities**”), the Representative confirms that the Underwriters have offered such maturities of the Bonds to the public on or before the date of this Bond Purchase Contract at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Appendix A attached hereto. The Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Price Maturities, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Price Maturities, the Underwriters will neither offer nor sell such maturity of the Hold-the-Price Maturities 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:

- (i) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the Issuer promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.]

(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, whether or not the Closing Date has occurred, 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, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(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), and

(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 or 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 or dealer 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, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(e) The Issuer acknowledges that, in making the representations set forth in this subsection, the Representative will rely on: (i) the agreement of each underwriter to comply with the requirements for establishing the 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 the 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 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 adhere to 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 the 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.

(f) 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,

(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: (A) 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), (B) 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 (C) 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 Bond Purchase Contract by all parties.

6. Use of Documents. The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Contract, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The “*Closing Time*” shall be no later than [8:30] a.m. Pacific time, on September [●], 2023, or at such other time or on such later date as shall have been mutually agreed upon by the Issuer and the Representative (the “*Closing Date*”). At the Closing Time, the Issuer will deliver or cause to be delivered the Bonds to the Underwriters through The Depository Trust Company (“*DTC*”) in definitive or temporary form, duly executed by the Issuer, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Contract.

Delivery of the Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Bond Counsel in Sacramento, California or at such other place as shall have been mutually agreed upon by the Issuer and the Representative.

8. Representations, Warranties and Agreements of the Issuer. The Issuer hereby represents, warrants and agrees with the Underwriters that:

(a) The Issuer has been duly created and is validly existing under the laws of the State and has the power to issue the Bonds pursuant to the Act, the Bond Resolution and the Legal Documents.

(b) The Issuer has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the 2004 Measure A Sales Tax, to adopt the Bond Resolution, to enter into the Legal Documents and this Bond Purchase Contract, and to sell, issue and deliver the Bonds to the Underwriters as provided herein; the Issuer has full legal right, power and authority to perform its obligations under the Bond Resolution, the Bonds, the Legal Documents and this Bond Purchase Contract, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Issuer has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, the Ordinance and laws of the State, and the terms of the Bond Resolution, the Bonds, the Legal Documents and this Bond Purchase Contract.

(c) Except as described in the Preliminary Official Statement and the Official Statement, by all necessary official action, the Issuer has duly adopted the Ordinance, which was approved by a majority of the voters in the County on November 2, 2004.

(d) By all necessary official action, the Issuer has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, this Bond Purchase Contract and the Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Contract, the Bond Resolution, and the Legal Documents. When executed and delivered by their respective parties, the Legal Documents and this Bond Purchase Contract (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Issuer, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency,

reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or Issuer having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of the Legal Documents by the Issuer have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(g) Except as described in the Preliminary Official Statement and the Official Statement, 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 any judgment or decree or any loan agreement, indenture, bond, note, resolution, 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 Bond Resolution and 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 event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Bond Purchase Contract and the Legal Documents and compliance with 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 constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease 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, 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 or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Legal Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Issuer's knowledge, threatened against the Issuer: (i) in any

way affecting the existence of the Issuer or in any way challenging the respective powers of the several offices or the titles of the officials of the Issuer to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the proceedings authorizing and approving the 2004 Measure A Sales Tax, the levy or collection of the 2004 Measure A Sales Tax; (iii) in any way contesting or affecting, as to the Issuer, the validity or enforceability of the Act, the proceedings authorizing the 2004 Measure A Sales Tax, the Bond Resolution, the Bonds, the Legal Documents or this Bond Purchase Contract; (iv) in any way contesting the powers of the Issuer or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Legal Documents or this Bond Purchase Contract, or contesting the power or authority to levy the 2004 Measure A Sales Tax; (v) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Issuer to perform and satisfy its obligations under this Bond Purchase Contract, the Legal Documents or the Bonds; nor to the best of the Issuer's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the 2004 Measure A Sales Tax, the Bond Resolution, the Legal Documents or this Bond Purchase Contract or the performance by the Issuer of its obligations thereunder, or the authorization, execution, delivery or performance by the Issuer of the Bonds, the Bond Resolution, the Legal Documents or this Bond Purchase Contract.

(i) Between the date hereof and the Closing Time, the Issuer will 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 in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or relating to transportation projects described in the 2004 Expenditure Plan or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(j) The Issuer will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; and the Issuer will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Issuer be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the Issuer of any written notification with regard to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.



(k) The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Act, the Ordinance, the Bond Resolution and the Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) The Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement (other than the information as to principal amounts, interest rates and other information subject to change) and the Official Statement under the captions “THE SERIES 2023 BONDS” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION AND PURPOSE OF THE SERIES 2023 BONDS” and “PLAN OF REFUNDING”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(m) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12) and certain terms of the Bonds left blank or marked preliminary, subject to change, as of its date and as of the date hereof, did not and does 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.

(n) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended 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.

(p) The Issuer shall not amend or supplement the Official Statement without the prior written consent of the Representative, which shall not be unreasonably withheld. The Issuer hereby agrees that it will notify the Representative if, within the period from the date of this Bond Purchase Contract to and including the date 25 days following the End of the Underwriting Period with respect to the Bonds, the Issuer discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material

fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Issuer or the Representative, or their respective counsel, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event that becomes known to the Issuer during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the Issuer will, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and will furnish copies of such supplement or amendment to the Underwriters in such quantities as the Underwriters may reasonably request. The Issuer and the Underwriters agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term “*End of the Underwriting Period*” means with respect to the Bonds the later of such time as: (i) the Issuer delivers the Bonds to the Underwriters; or (ii) none of the Underwriters retains, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Representative or any other Underwriter gives notice to the Issuer that an Underwriter retains an unsold balance of Bonds, the “End of the Underwriting Period” shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be delivered to the Issuer, in writing, at or prior to the Closing Time, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

(q) Except as described in the Preliminary Official Statement and the Official Statement, the Issuer has not granted a lien on or made a pledge of the Sales Tax Revenues or any other funds pledged under the Indenture.

(r) The Issuer is not in default in any material respect on any bond, note or other obligation for borrowed money or under any agreement under which any such obligation is outstanding, and at no time has defaulted in any material respect on any payment obligation with respect to such outstanding bonds, notes or other obligations for borrowed money.

(s) The financial statements of, and other financial information regarding the Issuer in the Preliminary Official Statement and the Official Statement relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Issuer as of June 30, 2023, fairly represent the receipts, expenditures 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. The financial statements of the Issuer have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since June 30, 2023 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(t) Prior to the Closing Time, the Issuer will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Issuer.

(u) Upon the delivery of the Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture, together with all outstanding Parity Obligations, will not in combination with all other outstanding debt obligations of the Issuer exceed any limitation imposed by law or by the Indenture or by the Act.

(v) The sum of the principal of and interest on the Bonds, together with all outstanding Parity Obligations and all other outstanding debt obligations of the Issuer, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the Issuer.

(w) Except as otherwise set forth in the Preliminary Official Statement and the Official Statement, the Issuer has complied in all material respects during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(x) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Bond Purchase Contract, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

9. Conditions to the Underwriter's Obligations. The Underwriters have entered into this Bond Purchase Contract in reliance upon the representations, warranties and obligations of the Issuer contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriters' obligations under this Bond Purchase Contract shall be subject to the following conditions:

(a) The representations and warranties of the Issuer contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Issuer official or officials dated the Closing Date, and the Issuer shall be in compliance with each of the agreements and covenants made by it in this Bond Purchase Contract;

(b) (i) At the Closing Time, the Act, the Bond 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 by the Issuer and the Underwriter, and (ii) the Issuer shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Legal Documents, this Bond Purchase Contract, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Issuer relating to this Bond Purchase Contract, the Legal Documents, the Preliminary Official Statement 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;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Ordinance, the 2004 Measure A Sales Tax, the Sales Tax Revenues, or the Bonds as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Underwriters materially impairs the investment quality of the Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, the Issuer shall not have suspended or advised the suspension of the collection of the 2004 Measure A Sales Tax or the escrow of any proceeds thereof, and the General Counsel to the Issuer, shall not have advised the suspension of the collection of the 2004 Measure A Sales Tax or the escrow of any proceeds thereof other than as disclosed in the Preliminary Official Statement and the Official Statement;

(f) At or prior to the Closing Date, the Underwriters shall receive copies of each of the following documents:

(i) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Issuer by its Executive Director.

(ii) An approving opinion of Bond Counsel, dated the Closing Date, addressed to the Issuer substantially in the form attached as Appendix E to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters.

(iii) A supplemental opinion of Bond Counsel, addressed to the Underwriters, substantially in the form attached hereto as Appendix C.

(iv) A letter, dated the Closing Date and addressed to the Issuer and the Underwriters, from Nossaman LLP, Disclosure Counsel, substantially in the form attached hereto as Appendix D.

(v) The opinion of Kutak Rock LLP, Underwriters' Counsel, addressed to the Underwriters, in form and substance acceptable to the Underwriters, covering such items as the Underwriters may request.

(vi) The opinion of the General Counsel to the Issuer, dated the Closing Date, addressed to the Underwriters and the Trustee, substantially in the form attached hereto as Exhibit E.

(vii) A certificate, dated the Closing Date and signed by such officials of the Issuer as shall be satisfactory to the Representative, to the effect that (i) the representations, warranties and covenants of the Issuer contained in the Bond Purchase Contract are true and correct in all material respects on and as of the

Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Issuer and the Underwriter; (iii) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Issuer, whether or not arising in the ordinary course of the Issuer's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Contract, and the Official Statement, as of its date and as of the Closing Date, did not and does not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(viii) The audited financial statements of the Issuer relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Issuer as of June 30, 2022 included in the Official Statement, certified by the Issuer on the Closing Date as being correct and complete.

(ix) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, 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 of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(B) the Trustee is duly authorized to enter into, has duly executed and delivered the Legal Documents to which the Trustee is a party and has duly authenticated and delivered the Bonds;

(C) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other 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), 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;

(D) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee 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, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(E) the Trustee will apply the proceeds from the Bonds as provided in the Indenture.

(x) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Legal Documents to which the Trustee is a party.

(xi) Evidence of signature authority and incumbency of the Trustee.

(xii) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Issuer and the Underwriter, to the effect that:

(A) 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 Legal Documents to which it is a party and to enter into such Legal Documents;

(B) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the 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;

(C) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(D) 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; and

(E) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Bonds or the Legal Documents to which it is a party.

(xiii) A certified copy of the proceedings relating to authorization and approval of the 2004 Measure A Sales Tax.

(xiv) A copy of the executed Agreement for State Administration of Transactions and Use Tax, between the Issuer and the CDTFA, including all amendments thereto.

(xv) A certified copy of the Board Resolution.

(xvi) Fully executed copies of each of the Legal Documents.

(xvii) Evidence of required filings with the California Debt and Investment Advisory Issuer.

(xviii) A Tax Certificate of the Issuer, in form satisfactory to Bond Counsel, signed by such officials of the Issuer as shall be satisfactory to the Underwriter.

(xix) Evidence as of the Closing Date satisfactory to the Representative that the Bonds have received a rating of “AAA” from Fitch Ratings, and “AAA” from S&P Global Ratings (or such other equivalent rating as Fitch Ratings and S&P Global Ratings shall issue), and that such ratings have not been revoked or downgraded.

(xx) A transcript of all proceedings relating to the authorization and issuance of the Bonds, which may be in digital form (or a commitment to so provide).

(xxi) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Issuer herein contained and of the Official Statement 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.

10. Termination.

(a) If the Issuer shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Bond Purchase Contract or if the Underwriters' obligations shall be terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract may be cancelled by the Underwriters at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Issuer in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Issuer hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Underwriters at their sole discretion.

(b) The Underwriters shall also have the right, prior to the Closing Time, to cancel their obligations to purchase the Bonds, by written notice to the Issuer, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriters, makes untrue any statement of a material fact set forth in 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 and, in either such event, (A) the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriters or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriters, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; 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 reasonable professional judgment of the Underwriters, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of 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 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 for consideration by either such Committee by any member thereof or presented as an option for consideration 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 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 reasonable judgment of the Underwriters, is likely to have the purpose or effect, directly or, indirectly, of adversely 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

(B) legislation shall have been introduced or passed by either chamber of the Congress or recommended for passage 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 an order, stop 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 obligations of the general character of the Bonds are not exempt from registration under the Securities Act of 1933, as amended (the “*1933 Act*”) Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or

(C) 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 the material escalation thereof) or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Issuer; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national

securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) 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 Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement disclosures are expected to occur; or

(iii) 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 which, in the reasonable professional judgment of the Underwriters, materially and adversely affect the market or market price for the Bonds, or there is a material increase in restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of the Underwriters or broker-dealers which, in the reasonable professional judgment of the Underwriters, make it impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(iv) any litigation shall be instituted or be pending at the Closing Time 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 2004 Measure A Sales Tax or the rates, levy or collection thereof, the issuance, sale or delivery of Bonds, the Act, the Ordinance, the Bond Resolution, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents or the Bonds; or

(v) there shall have occurred any downgrading or published negative credit watch or similar published information regarding an unenhanced long-term rating on the Issuer's subordinate lien debt obligations, by a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Issuer's subordinate lien debt obligations, including the Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the Bonds.

If the Underwriters terminate their obligation to purchase the Bonds because any of the conditions specified in Section 6 hereof, Section 9 hereof or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Underwriters.

11. Conditions to Obligations of the Issuer. The performance by the Issuer of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the Issuer and the Underwriters of opinions addressed to the Underwriters and certificates being delivered at the Closing Time by persons and entities other than the Issuer.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End of the Underwriting Period, (a) the Issuer will not adopt any amendment of, or supplement to, the Official Statement to which the Underwriters shall object in writing or that shall be disapproved by the Representative and Underwriters' Counsel and (b) if any event relating to or affecting the Issuer shall occur as a result of which it is necessary, in the opinion of Representative and Underwriters' Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Issuer will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriters and Underwriters' Counsel) that will amend or supplement the Official Statement so that it will not contain an 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 existing at the time the Official Statement is delivered to a purchaser of the Bonds, not misleading.

13. Indemnification. The Issuer (a "***Issuer Indemnifying Party***") 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 an Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called a "***Issuer Indemnified Party***"), against any and all losses, claims, damages or liabilities, joint or several, to which such Issuer Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Issuer Indemnified Party 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 the Preliminary Official Statement or the Official Statement under the captions "THE SERIES 2023 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS," "SACRAMENTO TRANSPORTATION AUTHORITY," "THE SALES TAX," "SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN," and "LEGAL MATTERS," or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Issuer may otherwise have to any Issuer Indemnified Party, provided that in no event shall the Issuer be obligated for double indemnification.

The Underwriters (collectively, an "***Underwriter Indemnifying Parties***") 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 "***Underwriter Indemnified Party***"), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or

otherwise, and shall promptly reimburse any such Underwriter Indemnified Party 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 the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “*Indemnified Party*” means an Issuer Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “*Indemnifying Party*” means an Issuer Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. 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 have charge of 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 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.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Issuer or the Underwriters, to the extent permitted by law, the Issuer and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other

expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Issuer and the Underwriters may be subject) in such proportion so that the Underwriters are jointly and severally responsible for that portion represented by the percentage that the Underwriters' discount set forth in the Official Statement bears to the public offering price appearing thereon and the Issuer is responsible for the balance; provided, however, that 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. For purposes of this paragraph, each person, if any, who controls the Underwriters within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

14. Expenses.

(a) Whether or not the Bonds are issued as contemplated by this Bond Purchase Contract, the Underwriters shall be under no obligation to pay and the Issuer hereby agrees to pay any expenses incident to the performance of the Issuer's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; (v) fees of the California Debt Investment Advisory Commission, and (vi) any out-of-pocket disbursements of the Issuer. The Issuer shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the Issuer's employees and representatives which are in connection with this Bond Purchase Contract, including, but not limited to, meals, transportation and lodging of those employees and representatives. The Issuer acknowledges that certain expenses included in the expense component of the Underwriters' discount are based on estimates.

(b) Whether or not the Bonds are issued as contemplated by this Bond Purchase Contract, the Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Bonds by the MSRB or Financial Industry Resources Authority; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds (excluding any expenses of the Issuer and its employees or agents); (iii) any fees payable to the Issuer; and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel. The Underwriters are required to pay the fees to Issuer in connection with the Bond offering. The Issuer acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to

evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Issuer agrees to reimburse the Underwriters for such fees.

(c) The Issuer has agreed to pay the Underwriters' discount set forth in Section 3 hereof, and inclusive in the expense component of the Underwriters' discount are expenses incurred or paid for by the Underwriters on behalf of the Issuer in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, fees and expenses of Underwriters' Counsel, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fees, and transportation, lodging, and meals for the Issuer's employees and representatives.

(d) The Issuer and Underwriters acknowledge that expenses included in the expense component of the Underwriters' discount are based upon estimates. The Issuer and Underwriters agree that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount equal to or greater than \$1,000 (the "***Reimbursement Threshold***"), the Underwriters shall reimburse to the Issuer the amount that the aggregate estimated expenses exceed the aggregate actual expenses. For the avoidance of doubt, the Issuer acknowledges and agrees that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriters to the Issuer. The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

15. Notices. Any notice or other communication to be given under this Bond Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the Issuer, addressed to:

Sacramento Transportation Authority  
801 12<sup>th</sup> Street, 5<sup>th</sup> Floor  
Sacramento, California 95814  
Attention: Chief Financial Officer

or if to the Underwriter, addressed to:

BofA Securities, Inc.  
315 Montgomery Street, 1<sup>st</sup> Floor  
San Francisco, California 94104  
Attention: [Holly Vocal]

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Contract when accepted by the Issuer in writing as heretofore specified shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Issuer in this Bond Purchase Contract or in any certificate

delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery to and payment by the Underwriters for the Bonds hereunder and (c) any termination of this Bond Purchase Contract.

17. Execution in Counterparts. This Bond Purchase Contract 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.

18. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Bond Purchase Contract may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Bond Purchase Contract using an electronic signature, it is signing, adopting, and accepting this Bond Purchase Contract and that signing this Bond Purchase Contract using an electronic signature is the legal equivalent of having placed its handwritten signature on this Bond Purchase Contract on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Bond Purchase Contract in a usable format.

19. No Advisory or Fiduciary Role. The Issuer acknowledges and agrees that: (a) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (b) the primary role of the Underwriters, as Underwriters, 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; (c) 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); (d) 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 as otherwise provided by law; and (e) 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.

20. Applicable Law. This Bond Purchase Contract shall be interpreted, governed and enforced in accordance with the laws of the State of California.

[Remainder of page intentionally left blank; signature page follows]

Very truly yours,

BOFA SECURITIES, INC., as  
Representative of the Underwriters

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

The foregoing is hereby agreed to and  
accepted as of the date first above written:

SACRAMENTO TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature page to Bond Purchase Contract]



**APPENDIX A**  
**MATURITY SCHEDULE**  
**[\$[PAR]**  
**SACRAMENTO TRANSPORTATION AUTHORITY**  
**MEASURE A SALES TAX REVENUE REFUNDING BONDS,**  
**SERIES 2023 (LIMITED TAX BONDS)**

**Maturity Schedule**

<b>Maturity Date (October 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>
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<sup>C</sup> Priced to the par call date of October 1, 20[•].

\* 10% Maturities.

\* Hold-the-Price Maturities.

**Redemption Provisions**

***Optional Redemption.*** The Bonds maturing on and after October 1, 20[•] are subject to redemption prior to their respective stated maturities, at the option of the Issuer, from any source of available funds, on any date on or after October 1, 20[•], as a whole, or in part by such maturity or maturities as may be specified by Request of the Issuer (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

## APPENDIX B

### CERTIFICATE OF THE REPRESENTATIVE REGARDING OFFERING PRICES

BofA Securities, Inc. (the “Representative”), on behalf of itself and as representative of Wells Fargo Bank, National Association, and Siebert Williams Shank & Co., LLC (collectively, the “Underwriter”), has acted as the underwriter in connection with the sale and issuance by the Sacramento Transportation Authority (the “Issuer”) of its \$[\_\_\_\_\_] aggregate initial principal amount of the Issuer’s Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Bonds”), being issued on the date hereof. The Underwriter, based on information available to it, hereby certifies and represents the following:

#### Issue Price.

**[10% OF EACH MATURITY SOLD BY CLOSING]** As of the date hereof, the first price or yield at which at least 10% of each Maturity of the Bonds was sold by the Underwriter to the Public was the **[Initial Offering Price/OR IF ACTUAL SALES AT OTHER THAN IOP price or yield]** set forth on Appendix A to the Bond Purchase Contract, dated [DATE] (the “Purchase Contract”), by and between the Underwriter and the Issuer.

#### OR

1. As of [DATE], 2023 (the “Sale Date”), all of the Bonds were the subject of a bona fide offering to the Public at the Initial Offering Price.

**[2A. USING HOLD THE PRICE FOR A PORTION OF THE ISSUE]** As of the date hereof, other than the Bonds listed on Appendix A to the Bond Purchase Contract, dated [DATE], 2023 (the “Purchase Contract”), by and between the Underwriter and the Issuer, as subject to Hold-The-Offering-Price Rule (the “Undersold Maturities”), the first price or yield at which at least 10% of each Maturity of the Bonds was sold by the Underwriter to the Public was the respective **[Initial Offering Price OR IF ACTUAL SALES AT OTHER THAN IOP price]** set forth on Appendix A attached to the Purchase Contract]. Attached hereto as Schedule 1 is a copy of the final pricing wire for each Undersold Maturity or an equivalent communication. With respect to the Undersold Maturities, as agreed to in writing by the Underwriter in the Purchase Contract, the Underwriter has not offered or sold any of the Undersold Maturities to any person at a price higher than or a yield lower than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Undersold Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price by the Underwriter or (b) the close of the fifth business day following the Sale Date.

**2B. USING HOLD THE PRICE FOR 100% OF THE ISSUE].** As agreed to in writing by the Underwriter in the Purchase Contract between the Issuer and the Underwriter dated [DATE], 2023, the Underwriter has not offered or sold any Bond to any person at a price higher than or a yield lower than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Undersold Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering

Price by the Underwriter or (b) the close of the fifth business day following the Sale Date. Attached hereto as Schedule 1 is a copy of the final pricing wire for the Bonds or an equivalent communication.]

### **Defined Terms.**

“Initial Offering Price” means the prices or yields set forth on the inside cover page of the Issuer’s Official Statement in respect of such Bonds dated [DATE], 2023.

“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.

“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.

“Related Party” means any entity if an Underwriter and such entity 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 profit 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).

“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 Representative 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 to which this certificate is included as Exhibit A and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, in connection with its opinion as to the exclusion of interest on the Bonds from federal gross income, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. The Representative is certifying only as to facts in existence on the date hereof. Nothing herein represents the Representative interpretation of any laws; in particular the Treasury Regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

**APPENDIX C**

**FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

[Closing Date]

BofA Securities, Inc.  
San Francisco, California

Wells Fargo Bank, National Association  
New York, New York

Siebert Williams Shank & Co., LLC  
Sacramento, California

Sacramento Transportation Authority  
Measure A Sales Tax Revenue Refunding Bonds  
Series 2023  
(Limited Tax Bonds)  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as underwriters (the “Underwriters”), pursuant to Section 9(f)(3) of the Bond Purchase Contract, dated August [ ], 2023 (the “Purchase Contract”), between BofA Securities, Inc., as Representative, on behalf of itself and as representative of Wells Fargo Bank, National Association, and Siebert Williams Shank & Co., LLC, and the Sacramento Transportation Authority (the “Authority”), providing for the purchase of \$[PAR] principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Bonds”). The Bonds are being issued pursuant to an indenture, dated as of September 1, 2009 (as supplemented and amended, including by the Eighth Supplemental Indenture, dated as of September 1, 2023, the “Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Contract.

In connection with our role as bond counsel to the Authority, we have reviewed the Purchase Contract; the Indenture; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by the Authority; opinions of counsel to the Authority and the Trustee; certificates of the Authority, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions and conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do

occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement, dated [ ], 2023 (the "Official Statement"), or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions and conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.
2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Authority.
3. The statements contained in the Official Statement under the captions "THE SERIES 2023 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" and "TAX MATTERS" and contained in APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture or set out the content of our final legal opinion as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority, are accurate in all material respects.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to

you as Underwriters of the Bonds, is solely for your benefit as such Underwriters in connection with the original delivery of the Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

## APPENDIX D

### FORM OF LETTER OF DISCLOSURE COUNSEL

[Nossaman to review/modify]

[Closing Date]

Sacramento Transportation Authority  
Sacramento, California

BofA Securities, Inc., as Representative  
of the Underwriters  
San Francisco, California

Re: Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding  
Bonds, Series 2023 (Limited Tax Bonds)—Disclosure Counsel Letter

Ladies and Gentlemen:

We have acted as disclosure counsel for Sacramento Transportation Authority (the “Authority”) in connection with the issuance of the above-captioned Bonds (the “Bonds”). The Bonds shall be as described in and shall be secured under and pursuant to the Indenture dated as of September 1, 2009, as supplemented by the Seventh Supplemental Indenture, dated as of [●] 1, 2023 (together, the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as successor to Deutsche Bank National Trust Company (the “Trustee”). Capitalized terms herein, unless otherwise defined, shall have the meanings provided in the Indenture.

We have, as such counsel, examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, records, opinions of counsel and other instruments as we deemed necessary or appropriate for the purpose of this letter.

In delivering this letter, we are not expressing any opinion or review on the validity, accuracy or sufficiency of documents, certificates or opinions that we have examined or on the authorization, execution, delivery or validity of the Bonds or the exclusion from gross income for federal income tax purposes, or the exemption from State of California personal income taxes, of interest with respect to the Bonds. Further, we have assumed, but not independently verified, that the signatures on all documents, certificates and opinions that we have reviewed are genuine.

Because the primary purpose of our professional engagement was not to establish factual matters, and because of the wholly or partially non legal character of many determinations involved in the preparation of the Preliminary Official Statement dated [●], 2023 (the “Preliminary Official Statement”) and the Official Statement dated [●], 2023 (the “Official Statement”) relating to the Bonds, we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the

accuracy, completeness or fairness of any such statements. However, in our capacity as disclosure counsel during the course of the preparation of the Preliminary Official Statement and the Official Statement, we participated in conferences with Authority officials, including general counsel to and chief financial officer of the Authority, representatives of and counsel to the Underwriter, the Authority's financial advisor and bond counsel, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in such conferences, and in reliance thereon and on the certificates, opinions and other documents we have reviewed, we advise you that no information has come to our attention which would cause us to believe that the Preliminary Official Statement as of its date and as of [•], 2023 and the Official Statement, as of its date and as of the date hereof (except for any financial, demographic or statistical data or forecasts contained in the Preliminary Official Statement and the Official Statement and the Appendices to the Preliminary Official Statement and the Official Statement, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this letter, except for our review of the certificates and opinions regarding the Official Statement, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Official Statement. We also advise you that the preceding paragraph is not an opinion but, rather, in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as disclosure counsel. The scope of those activities performed by us for purposes of delivering this letter were inherently limited and do not purport to encompass all activities necessary for compliance with applicable securities laws. In addition, the performance of those activities by us required our reliance upon third-party representations, warranties, certifications and opinions, including and primarily, representations, warranties and certifications made by the Authority and the liquidity facility provider, and are otherwise subject to the conditions set forth herein.

This letter is furnished by us solely for your benefit with respect to the preparation of the Preliminary Official Statement and the Official Statement in connection with the issuance of the Bonds, upon the understanding, as we have advised you, and as you have agreed, that we are not hereby assuming any professional responsibility to any other person whatsoever. Our letter is not to be used, circulated, quoted or otherwise referred to for any other purpose without our express written permission.

Respectfully submitted,



**APPENDIX E**

**FORM OF OPINION OF GENERAL COUNSEL TO THE ISSUER**

September [•], 2023

Sacramento Transportation Authority  
Sacramento, California

BofA Securities, Inc., as Representative  
of the Underwriters  
San Francisco, California

U.S. Bank Trust Company, National Association  
Los Angeles, California

Sacramento Transportation Authority  
Measure A Sales Tax Revenue Refunding Bonds  
Series 2023  
(Limited Tax Bonds)  
(Authority Counsel Opinion)

Ladies and Gentlemen:

Our office has acted as counsel to the Sacramento Transportation Authority (the “Authority”) in connection with the issuance by the Authority of the above-captioned Bonds (the “Series 2023 Bonds” or, the “Bonds”). This opinion letter is being furnished to you at the request of the Authority and in satisfaction of the requirements of Section 9(f)(vi) of the Purchase Contract (defined below). Acceptance of this opinion letter by you shall conclusively operate as your acknowledgement that this opinion letter addresses all of the specific legal issues that are to be dealt with in our opinions set forth herein.

In such connection, we have reviewed the following documents:

- (i) the Bonds;
- (ii) the Indenture, dated as of September 1, 2009 (as supplemented and amended, including by the Eighth Supplemental Indenture, dated as of September 1, 2023, the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”);
- (iii) the Bond Purchase Contract (the “Purchase Contract”), dated August [•], 2023, between the Authority and on behalf of itself and as representative of Wells Fargo

Bank, National Association, and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”);

(iv) the Continuing Disclosure Certificate, dated September [●], 2023 (the “Continuing Disclosure Certificate”), delivered by the Authority;

(v) the Tax Certificate, dated the date hereof (the “Tax Certificate”), delivered by the Authority;

(vi) the Preliminary Official Statement relating to the Bonds, dated August [●], 2023 (the “Preliminary Official Statement”);

(vii) the Official Statement relating to the Bonds, dated [●], 2023 (the “Official Statement”); and

(viii) a resolution adopted by the Governing Board of the Authority on [●], 2023 (the “Resolution”), approving and authorizing the issuance and sale of the Bonds and the execution and delivery of the Authority Documents (defined below) and approving and authorizing the distribution and use by the Underwriters of the Official Statement.

We have also examined the Act, certifications of the Authority and others as to certain factual matters, and such other documents, opinions and matters as we deemed necessary to render the opinions or conclusions set forth herein. The Purchase Contract, the Indenture, the Continuing Disclosure Certificate and the Tax Certificate are collectively referred to herein as the “Authority Documents.” Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined therein, in the Purchase Contract.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures (other than the Authority) provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to herein. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under Authority Documents and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local transportation authorities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of

the Authority Documents or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

Whenever a statement herein is qualified by “to the best of our knowledge,” it shall be deemed to indicate that, during the course of our representation of the Authority in connection with this transaction, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of attorneys in this office representing the Authority in connection with the Bonds. We have not, however, undertaken any independent investigation to determine the accuracy of such statements, and any limited inquiry undertaken by us during the preparation of this opinion letter should not be regarded as such investigation. No inference as to our knowledge of any matters bearing upon the accuracy of any such statements should be drawn from the fact of our representation of the Authority.

We express no opinion as to any matter other than as expressly set forth below. Without limiting the generality of the foregoing, we specifically express no opinion as to the status of the Bonds or the interest thereon or the Authority Documents under any federal securities laws or any state securities or “Blue Sky” law or any federal, state or local tax law. Further, we express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

Based on and subject to the foregoing, and in reliance thereon, we are of the following opinions:

1. The Authority is a local transportation authority duly organized and validly existing under the laws of the State of California.

2. The Authority has all requisite power and authority under the laws of the State of California: (a) to adopt the Resolution and to enter into and perform its covenants and agreements under the Bonds and the Authority Documents; (b) to approve and authorize the use and distribution of the Official Statement; (c) to issue the Bonds; (d) to levy and collect the 2004 Measure A Sales Tax and pledge the Sales Tax Revenues to the payment of the Bonds as provided in the Indenture; and (e) to carry on its business as currently conducted.

3. The Resolution was duly adopted at a meeting of the Governing Board of the Authority that was 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 the Resolution is in full force and effect and has not been amended, modified or rescinded as of the date hereof.

4. The Bonds have been duly authorized, executed and delivered by the Authority and constitute the valid and binding limited obligations of the Authority.

5. The Authority Documents have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority.

6. To the best of our knowledge, as of the date hereof, the issuance and sale of the Bonds and the execution and delivery of the Authority Documents, the adoption of the Resolution and the approval of the Official Statement, and compliance with the provisions of the Authority Documents, under the circumstances contemplated thereby, do not and will not in any material

respect conflict with or constitute on the part of the Authority a breach of or default under any resolution, agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, rule, regulation, writ, judgment, court order or consent decree to which the Authority or any of its property is subject.

7. There is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the Authority, at law or in equity before or by any court, government agency, public board or body, or, to the best of our knowledge, pending or threatened against or affecting the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices (except as previously advised in writing to the Underwriters), or contesting or affecting as to the Authority, the validity or enforceability of the Bonds, any Authority Document, the power or authority of the Authority to levy or collect the 2004 Measure A Sales Tax and to pledge the Sales Tax Revenues and other security as provided in the Indenture, the execution and delivery or performance by the Authority or validity or enforceability of the Bonds or any Authority Document or in any way contesting or challenging the consummation of the transactions contemplated thereby.

8. No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency having jurisdiction over the Authority is required for the valid authorization, execution, delivery and performance by the Authority of the Authority Documents or for the adoption of the Resolution which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

9. The Authority has duly authorized the execution and delivery of the Official Statement to the Underwriters for distribution in connection with the sale of the Bonds.

10. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Preliminary Official Statement or the Official Statement, and assume that any such version is identical in all respects to the printed version. In our capacity as counsel to the Authority in connection with issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Authority and others, during which conferences the contents of the Preliminary Official Statement or Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which, with respect to the Preliminary Official Statement, did not extend beyond the date of the Purchase Contract, and with respect to the Official Statement did not extend beyond its date), and in reliance thereon, on oral and written statements and representatives of the Authority and others, and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), we advise you as a matter of fact and not opinion that (a) no facts came to the attention of the attorneys in our office rendering legal services in connection with the issuance of the Bonds which caused us to believe that the Preliminary Official Statement as of the date of the Purchase Contract, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule

15c-12 or otherwise left blank and any other differences with the information in the Official Statement), and (b) no facts came to the attention of the attorneys in our office rendering legal services in connection with the issuance of the Bonds which caused us to believe that the Official Statement as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that, we expressly exclude from the scope of this paragraph and express no opinion or conclusion, with respect to both the Preliminary Official Statement and the Official Statement, about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about book-entry, DTC, ratings, rating agencies and the information contained in the Appendices thereto, included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity.

11. The Authority is subject to suit with respect to its obligations under the Authority Documents.

This opinion letter is rendered solely for the benefit of the addressees in connection with the subject transaction and may not be relied upon or used, or its benefit claimed, by any other person or entity, or for any other purpose, without our prior written consent. We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

Sincerely,

[NAME]  
County Counsel

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of September \_\_, 2023, is executed and delivered by the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of its Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (the “Bonds”). The Bonds were issued pursuant to an Indenture, dated as of September 1, 2009 (the “Original Indenture”), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of September 1, 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." Pursuant to the Indenture, the Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

“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.

“Disclosure Representative” shall mean the designee of the Authority to act as the Disclosure Representative.

“Dissemination Agent” shall mean an entity selected and retained by the Authority, or any successor thereto selected by the Authority. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association, as trustee under the Indenture.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“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 Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriters” shall mean the Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“SEC” shall mean the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, not later than 270 days after the end of the Authority’s fiscal year, commencing with the fiscal year ending June 30, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent. The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice 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) (if the Dissemination Agent is other than the Authority), to the extent appropriate information is available to it, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, the filing of the Annual Report due after the Annual Report for fiscal year ending June 30, 2018 shall be made in accordance with the MSRB’s EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Authority’s 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 Authority's 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 final Official Statement relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update (as of the most recently ended fiscal year of the Authority) for the table entitled "Sacramento Transportation Authority Historical 1988 Measure A and 2004 Measure A Sales Tax Revenues" set forth in the Official Statement under the caption "THE SALES TAX – Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues."

(c) A summary of all Bonds and Parity Obligations Outstanding as of the most recently ended fiscal year of the Authority.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), 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 Significant Events.

(a) Pursuant to the provisions of this paragraph 5, the Authority shall provide (or cause to be provided) notice to the MSRB of the occurrence of any of the following events numbered 1-18 with respect to Bonds in a timely manner but not later than ten business days after the occurrence of the event. The notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (4) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (5) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or issuance of adverse tax opinions;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person.



Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. 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 Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental 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 Obligated Person.

- (10) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of Bonds or other material events affecting the tax status of Bonds;
- (11) Modifications to rights of Bondholders;
- (12) Bond calls;
- (13) Release, substitution, or sale of property securing repayment of Bonds;
- (14) Non-payment related defaults;
- (15) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;
- (16) Appointment of a successor or additional trustee or the change of name of a trustee;
- (17) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; or
- (18) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

*Note:*

- (a) *The Authority has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit providers for the Bonds.*
- (b) *Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Specified Event within the meaning of the Rule.*

(b) The Authority shall provide (or cause to be provided) to the MSRB notice of the occurrence of any of the events listed in subsections 10-16 of paragraph 5(a) with respect to the Bonds, if material in a timely manner but not later than ten business days after the occurrence of the event. Such notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

(c) For purposes of the events described in subsection (17) and subsection (18) of paragraph 5(a) above, the term “financial obligation” means 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 to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) The Authority acknowledges that it must make a determination whether a Specified Event listed in subsections 10-16 of paragraph 5(a) is material under applicable federal securities laws in order to determine whether a filing is required under subsections 10-16 of paragraph 5.

SECTION 6. Termination of Reporting Obligation. The obligations of the Authority and the Dissemination Agent under this Disclosure Certificate 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(a) hereof.

SECTION 7. 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 Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days’ notice in writing to the Authority.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, 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 connection with 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 Distract, the Bondholders, 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SACRAMENTO  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_

Receipt Acknowledged By:  
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
AS DISSEMINATION AGENT

By: \_\_\_\_\_

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Transportation Authority

Name of Bond Issue: \$ \_\_\_\_\_ Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds)

Date of Initial Issuance: \_\_\_\_\_, 2023

NOTICE IS HEREBY GIVEN that the Sacramento Transportation Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture, dated as of September 1, 2009 (the "Original Indenture"), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of September 1, 2023 (the "Eighth Supplemental Indenture"), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." The Authority anticipates that the Annual Report will be filed by U.S. Bank Trust Company, National Association.

Dated:

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of the Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

cc: Sacramento Transportation Authority



**Sacramento Transportation Authority  
Debt Policy  
August 2023**

**I. Introduction**

The purpose of this Debt Policy is to establish guidelines for the issuance and management of Sacramento Transportation Authority's ("STA" or the "Authority") current and future debt. This Debt Policy confirms the commitment of the Board, management, staff, and other decision makers to adhere to sound financial management practices. Priorities of the Debt Policy are as follows:

- Effectively manage and mitigate financial risk
- Preserve future program flexibility
- Maintain strong credit ratings and good investor relations
- Maintain ready and cost-effective access to the capital markets

**II. Scope and Authority**

This Debt Policy shall guide, the issuance and management of all debt funded through the capital markets, including the selection and management of related financial and advisory services and products.

This Policy shall be reviewed periodically and updated as required. Any changes to the policy are subject to approval by the Board at a public meeting. Overall policy direction of this Debt Policy shall be provided by the Board. Responsibility for implementation of the Debt Policy, and day-to-day responsibility and authority for structuring, implementing, and managing the Authority's debt and finance program, shall reside with the Executive Director. This Debt Policy requires that the Board specifically authorize each debt financing.

While adherence to this Policy is required in applicable circumstances, the Authority recognizes that changes in the capital markets, Authority programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Debt Policy and require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained.

**III. Capital Budgeting and Planning for Debt Issuance**

The 2004 Measure A Sales Tax is authorized under the Authority's Ordinance No. STA 04-01 (the "2004 Ordinance"). As part of the 2004 Ordinance, the Authority also adopted a new Sacramento County Transportation Expenditure Plan 2009-2039 (the "2004 Transportation Expenditure Plan") which governs the expenditure of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee.



The 2004 Expenditure Plan is currently being funded through a combination of pay-as-you-go and bond financing. The Authority staff has prepared and periodically updates a Plan of Finance which details the Authority's capacity to deliver projects on an accelerated basis through bond financing. The Plan of Finance is reviewed by the Board and reflects the Board's project prioritization. The Plan of Finance is developed to be consistent with the 2004 Ordinance, the 2004 Transportation Expenditure Plan and the borrowing parameters and covenants included in the Authority's Bond Indenture and other legal documents.

Borrowing needs are evaluated on a periodic basis within the context of the Authority's Plan of Finance. As noted previously, this Debt Policy requires that the Board specifically authorize each debt financing.

#### **IV. Standards For and Appropriate Use of Debt Financing**

As borrowing needs are identified, the Authority will evaluate the nature of the capital investment (e.g., the purpose and useful life of the asset) to ensure that long-term debt is the appropriate financing mechanism to meet the funding need. Standards for the appropriate use of debt financing will include those described below.

- A. Long Term Capital Projects: Long-term debt should be used to finance essential capital projects where it is cost effective and fiscally prudent. The debt repayment period should not exceed 120% of the useful life of the project being financed or the term of the current sales tax Measure. The ability or need to expedite or maintain the programmed schedule of approved capital projects will be a factor in the decision to issue long-term debt.
- B. Debt Financing Mechanism: The Authority will evaluate the use of financial alternatives available including, but not limited to, long-term debt, short-term debt, commercial paper, direct bank loans, private placement and inter-fund borrowing. The STA will utilize the most cost advantageous financing alternative consistent with limiting the Authority's risk exposure.
- C. Credit Quality: Credit quality is an important consideration for the Authority. All STA debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the Authority's debt management and project delivery objectives.

#### **V. Purpose of Financing**

The general purpose of bond financing falls into three general categories: (1) to finance new capital infrastructure, (2) to refinance existing bonds to reduce financing costs, risk or both, or (3) to reimburse an agency for eligible capital expenditures made within the last 18 months. These purposes are described in more detail below:



- A. New Money Financing: New money issues are those financings that generate additional funding to be available for expenditure on capital projects. These funds will be used for acquisition, construction, and major rehabilitation of capital assets. New money issues will be proposed in the context of STA's Plan of Finance and will be consistent with the 2004 Transportation Expenditure Plan and Measure A Ordinance.
- B. Refunding Bonds: Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Most typically this is done to refinance at a lower interest rate to reduce debt service. Alternatively, some refundings are executed for a reason other than to achieve cost savings, such as to restructure the repayment schedule of the debt, to change the type of debt instruments being used, or to retire an indenture in order to remove undesirable covenants. In any event, a present value analysis must be prepared that identifies the economic effects of any refunding being proposed to the STA.

The Authority has established a minimum debt service savings threshold goal of 3.0% of the refunded bond principal amount, on a maturity-by-maturity basis, unless there are other compelling reasons for defeasance. As an exception to this target savings threshold, the Authority may elect to include bonds maturing in the next 24 months into a larger refunding if those maturities provide some positive savings. The present value savings will be net of all costs related to the refinancing.

- C. Reimbursement Bonds: A reimbursement bond is a tax-exempt bond the proceeds of which are allocated to prior expenditures originally paid from sources other than bond proceeds. A proper reimbursement allocation results in the proceeds being treated as spent for the governmental purpose of the original expenditures even though the actual moneys are used to replenish the funds originally used to pay the expenditures.

Under federal tax regulations, the proceeds of bonds may be allocated to a prior capital expenditure, but only if a formal declaration of reasonable intention to reimburse the expenditure with the proceeds of a borrowing (a "declaration of official intent") had been properly made within sixty (60) days after the date the expenditure was paid. This declaration of official intent is commonly made via a reimbursement resolution adopted by the Board. If a declaration of official intent has been made, bond proceeds may be allocated to expenditures previously made for a period of up to 18 months after the date the expenditures were made.

## VI. **Types of Debt**

The market for municipal finance is well developed and provides numerous products or types of debt that the Authority will evaluate on a case-by-case basis. Some of the types of debt – long-term, short-term and variable rate – available to the Authority are described in this section.





**A. Long Term Debt**

1. Current Coupon Bonds: are bonds that pay interest periodically and principal at maturity. They may be used for both new money and refunding transactions. Bond features may be adjusted to accommodate the market conditions at the time of sale, including changing dollar amounts for principal maturities, offering discount and premium bond pricing, modifying call provisions, utilizing bond insurance, and determining how to fund the debt service reserve fund.
2. Zero Coupon Bonds: pay interest that is compounded and paid only when principal matures. Interest continues to accrue on the unpaid interest at rates that are typically higher than rates on current-coupon bonds, therefore representing a more expensive funding option. Principal paid at maturity is discounted back to the initial investment amount received at issuance.
3. Transportation Infrastructure Finance Innovation Act (TIFIA) Loan: is a loan provided by the United States Department of Transportation for certain transportation projects of regional importance. A TIFIA loan may contain comparatively flexible repayment provisions and an interest rate that is tied to the prevailing 30-year US Treasury Bond yield. The Authority may elect to apply for a TIFIA loan if it is determined that it is the most cost-effective debt financing option available.

**B. Short-Term Debt**

1. Commercial Paper Notes: may be issued as an alternative to fixed rate debt, particularly when the timing of funding requirements is uncertain. The Authority may maintain an ongoing commercial paper program to ensure flexibility and immediate access to capital funding when needed.
2. Bond Anticipation Notes (BANs): May be issued to meet near-term needs and refinanced in anticipation of the future issuance of bond proceeds. BANs provide near-term funding with a fixed rate.
3. Grant Anticipation Notes (GANs): are short-term notes that are repaid with the proceeds of State or Federal grants of any type. The Authority shall generally issue GANs only when there is no other viable source of funding for the project
4. Lines of Credit: shall be considered as an alternative to or credit support for other short term borrowing options.



**C. Variable Rate Debt**

1. Variable Rate Debt. It is sometimes appropriate to issue short-term or long-term variable rate debt to diversify the debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of variable rate assets to variable rate liabilities. The amount of unhedged variable rate debt will generally not exceed 20% of all outstanding debt.

Variable rate securities, including floating rate notes, may be used in conjunction with a financial strategy, which results in synthetic fixed rate debt. Synthetic fixed rate debt may be utilized when the interest rate cost is sufficiently lower than traditional fixed rate debt or serves as an effective strategy to remove future interest rate risk.

**VII. Terms and Structure of Bonds**

The terms and structure of a specific bond issuance will be developed within a prudent legal framework and with the objective of maintaining strong credit ratings, addressing investor concerns, minimizing risk to the Authority and preserving future flexibility in a cost-effective manner. Some of the terms and structural considerations are discussed below

- A. Term:** All capital improvements financed through the issuance of debt will be financed for a period not to exceed 120% of the expected average useful life of the assets being financed, and in no event should exceed the expiration date of the current sales tax measure.
- B. Lien Levels:** Senior and Junior Liens for each revenue source may be utilized in a manner that will maximize the most critical constraint -- typically either cost or capacity -- thus allowing for the most beneficial use of the revenue source securing the bond.
- C. Debt Service Structure:** The Authority will examine debt service structures in the context of program needs. Combined principal and interest payments for any particular bond issue will first be examined as a level payment structure. Deferred principal can create increased program and project delivery capacity and will also be examined. The Authority's debt service structure will be sized within conservative revenue constraints and with the objective of maintaining strong credit ratings.
- D. Capitalized Interest:** Unless otherwise required, capitalized interest will not be employed. This avoids unnecessarily increasing the bond size. Certain types of financings, such as toll revenue bonds, may require that interest on the bonds be paid from capitalized interest until the Authority has constructive use of the project and project related revenues are expected to be available to pay debt service.



- E. Additional Bonds Test: Any new senior lien debt issuance must not cause the Authority's debt service to exceed the level at which prior year revenues are less than 200 percent (2.00x) of the maximum annual principal and interest for the aggregate outstanding senior lien bonds including the debt service for the new issuance.
- F. Call Provisions: In general, fixed rate, tax-exempt bonds will be issued with a provision that allows the Authority to call outstanding bonds 10-years after the bond delivery date at par (i.e., no call premium). Shorter calls may be considered to increase program flexibility based on market conditions at the time of pricing.

#### **VIII. Credit Enhancement**

The Authority will consider the cost and benefit of credit enhancement, including the potential funding of a debt service reserve fund, on a case-by-case basis with each separate bond issuance.

- A. Bond insurance: The Authority shall have the authority to purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest expense on insured bonds versus uninsured bonds.
- B. Debt Service Reserves: When beneficial to the Authority, a reserve fund equal to the lesser of ten percent (10%) of the original principal amount of the bonds, maximum annual debt service or one-hundred-and-twenty-five (125%) percent of average annual debt service (the "Reserve Requirement") shall be funded from the proceeds of each series of bonds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers and/or rating agencies.

The STA shall have the authority to purchase reserve equivalents (i.e., the use of a reserve fund surety) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis.

- C. Standby Bond Purchase Agreements (SBPA) and Letters of Credit (LOCs): STA shall have the authority to enter into an SBPA and LOC when such an agreement is deemed prudent and advantageous. SBPAs provide third-party liquidity by commercial banks to purchase the Authority's variable rate bonds in the case of a failed remarketing. A LOC provides liquidity in addition to credit enhancement on the bonds. Either a SBPA or a LOC are acceptable financial products to support the trading of variable rate demand bonds. The differential costs between SBPAs and LOCs will be considered when selecting either form of agreement. The long-



term and short-term credit ratings of those financial institutions offering SBPAs and LOCs will be a critical consideration before procuring either an SBPA or LOC.

**IX. Financial Derivative Products (Interest Rate Swaps)**

Interest rate exchange agreements (“swaps”) are arrangements whereby two or more parties, the issuer and one or more counterparties, enter into an agreement to exchange periodic interest payments (no principal is involved). Swaps and related financial instruments and derivatives may be appropriate interest rate management tools. The appropriate application of a derivative product will be evaluated on a case-by-case basis.

The Authority currently has in place an Interest Rate Swap Policy that was adopted by the Authority Board in 2006. The purpose of the Interest Rate Swap Policy is to establish guidelines for the use and management of interest rate swaps and is intended to provide general procedural direction regarding the use, procurement and execution of interest rate swaps. When questions regarding the appropriate use and management of interest rate swaps arise, the Interest Rate Swap Policy shall govern STA’s use and management of all interest rate swaps.

**A. Conformance with Dodd-Frank Act**

It is the intent of the Authority to conform to the requirements relating to legislation and regulations for over-the-counter derivatives transactions under Title VII of the Dodd-Frank Wall Street Transparency and Accountability Act of 2010, as supplemented and amended from time to time (herein collectively referred to as “Dodd-Frank”). It is the policy of the Authority that: (i) each swap advisor engaged or to be engaged by the Authority will function as the designated qualified investment independent representative of the Authority, (“Designated QIR”); (ii) each swap advisor agrees to meet and meets the requirements specified in Commodity Futures Trading Commission Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the “QIR Regulation”); (iii) each swap advisor provide a written certification to the Authority to the effect that such swap advisor agrees to meet and meets the requirements specified in the QIR Regulation; (iv) the Authority monitor the performance of each swap advisor consistent with the requirements specified in the QIR Regulation; (v) the Authority exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy;; (vi) the Authority rely on the advice of its swap advisor with respect to transactions authorized pursuant to this Debt Policy and not rely on recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy; (vii) the Authority comply with all recordkeeping, reporting and certification requirements for end-users as applicable under the Commodity Exchange Act (“CEA”)



**X. Method of Bond Sale**

The Authority will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation. Generally, there are three methods of sale: competitive, negotiated and private placement. Each type of bond sale has advantages and the potential to provide the lowest cost given the right conditions.

- A. Competitive Sale:** A competitive bond sale is used by established issuers, with strong credit ratings during times in which there are stable market conditions. With a competitive sale, an underwriter is not selected prior to the date of sale. The issuer works with their financial advisor and legal counsel to prepare documents, rating strategies and to notify market participants of the coming bond sale according to a published Notice of Sale. Industry accepted information outlets as well as phone calls made directly to the desks of underwriting firms are used to notify underwriters of the upcoming sale. The underwriter is selected based solely on price on the day of sale when bids are accepted.

A competitive sale allows an issuer to control bidding parameters and select the winning underwriter solely on the lowest True Interest Cost (TIC) submitted during a 30-minute bid process. No input on credit, structure or other matters is received from underwriters under a competitive sale.

- B. Negotiated Sale:** In a negotiated bond sale the issuer selects the underwriter several months before the sale of the bonds through a competitive RFP process. The underwriter is selected based upon relevant experience, recent bond sale performance and fees, among other factors. The final pricing of the bonds is directly negotiated with the underwriter based upon investor demand and orders received on the day of sale. The issuer generally relies upon the financial advisor during the negotiation process.

A negotiated sale is common for a new or infrequent issuer or an issuer with a weak bond rating. A negotiated sale can be advantageous during high volatility in the financial markets or during periods of low investor demand. Issuers who desire the underwriter's input on credit rating strategies, deal structure, document preparation, etc., will elect to sell bonds through a negotiated sale.

- C. Private Placement:** is a sale that is structured specifically for one purchaser such as a commercial bank. A direct purchase agreement or revolving credit facility is a form of a private placement. Such placement shall be considered if this method is likely to result in a cost savings, more attractive terms and conditions to the Authority, or both relative to other methods of debt issuance.



## **XI. Market Relationships**

As an issuer who values cost-effective market-access, the Authority will actively provide requested information and maintain relationships with rating agencies, investors and other market participants, as needed.

- A. Rating Agencies:** The Accounting Manager shall be primarily responsible for maintaining our relationships with those rating agencies (i.e., Standard & Poor's, Moody's Investors Service and Fitch Ratings) from whom the Authority requests and holds ratings. The Authority may, from time-to-time, choose to deal with only one or two of these agencies as circumstances dictate. In addition to general communication, the Accounting Manager shall offer conference calls and/or meetings with agency analysts in connection with a planned sale.
- B. Investor Relations:** Timely and accurate information shall be provided in response to inquiries from investors in order to maintain positive ongoing investor relations.
- C. Board Communication:** As a means of providing feedback from rating agencies and/or investors regarding our financial strengths and weaknesses as perceived by the marketplace, information will be provided to the Board when and if material information develops.

## **XII. Continuing Disclosure**

It is the Authority's policy to remain in compliance with Title 17 Code of Federal Regulations §240 15c2-12, Municipal Securities Disclosure, by filing our annual financial statements and other financial information for the benefit of our bondholders within [270 days] of the close of the fiscal year and file material event notices in a timely manner.

## **XIII. Consultants**

The Authority shall select its primary consultant(s) by a competitive qualifications-based process through Request for Proposals.

- A. Selection of Financing Team Members:** The Accounting Manager will make recommendations for all financing team members, with the Board providing final approval.
  - 1. Financial Advisor:** The Authority shall utilize a financial advisor to assist in its debt issuance and debt administration processes. Selection of the Authority's financial advisor(s) shall be based on, but not limited to, the following criteria: (a) experience in providing consulting services to complex issuers, (b) knowledge and experience in structuring and analyzing complex issues, (c) experience and reputation of assigned personnel, and (d) fees and expenses.



2. Bond Counsel. Transaction documentation for debt issues shall include a written opinion by legal counsel affirming that we are authorized to issue the proposed debt, that we have met all constitutional and statutory requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. A nationally recognized bond counsel firm with extensive experience in public finance and tax issues will prepare this approving opinion and other documents relating to the issuance of debt. The bond counsel will be selected through a competitive RFP process.

3. Disclosure Counsel. When undertaking a bond sale, disclosure counsel may be retained to prepare the official statement if additional independence or expertise is needed. Disclosure counsel will be responsible for ensuring that the official statement complies with all applicable rules, regulations and guidelines. Disclosure counsel will be a nationally recognized firm with extensive experience in public finance. The disclosure counsel will typically be selected through a competitive RFP process.

4. Underwriter: The Authority shall have the right to select a senior manager and co-managers for a proposed negotiated sale. The Authority may establish a pool of eligible underwriters, or select firms on an as-needed basis. In either case, underwriters for a particular transaction will be selected through a competitive RFP process.

5. Underwriter Counsel: In any negotiated sale of Authority debt in which legal counsel is required to represent the underwriter, the lead underwriter will make the appointment, subject to Authority approval.

**XIV. Post-Issuance Compliance Procedures**

The Authority will establish and document procedures to ensure that it complies with requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied with respect to tax-exempt bonds and other obligations after the bonds are issued so that interest on the bonds is and will remain tax-exempt.

**XV. Annual Overview to the Board of Directors**

The Authority shall provide a comprehensive annual overview of its bond debt to the Board of Directors. The overview should include relevant information on outstanding bonds, debt service schedules, call options, covenants, financial ratios, potential refinancing opportunities, and any other significant changes or developments related to the bond debt.

The annual overview should be prepared by the finance department in collaboration with the external financial advisor involved in management of the bond debt.



The overview should be presented to the Board of Directors during a scheduled board meeting, allowing adequate time for review and discussion.





JUNE 16, 2023

AGENDA ITEM # **11**

**APPROVE REFUNDING OF THE 2009C, 2014A, AND 2015A SERIES BONDS AND DEBT POLICY UPDATE AND RELATED MATTERS**

Action Requested: Approve and Authorize

Key Staff: Dustin Purinton, Accounting Manager

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**Recommendation**

1. Adopt the resolution authorizing the following:
  - (i) the issuance and sale of not to exceed \$385,000,000 aggregate principal amount of 2023 Series Bonds to refund all or a portion of the existing 2009C, 2014A and 2015A Series Bonds and terminate all or a portion of the related swap agreements to reduce risk and simplify the debt portfolio,
  - (ii) execution by the Chairman, Executive Director, Accounting Manager, and the County Auditor-Controller of the attached documents, including the 2023 Series Bonds, and other related instruments, to complete the transaction;
  - (iii) adoption of the amendments to the Debt Policy to set guidelines for the issuance and management of current and future debt; and
  - (iv) the taking of all other related actions.

**Background**

**Refunding 2009C, 2014A and 2015A Series Bonds and termination of related Swap Agreements with 2023 Series Bonds**

In October 2006, the STA Governing Board adopted the New Measure A Plan of Finance, which identified \$318.3 million of projects to be advanced via anticipated debt financing. At or about the same time, The STA Board executed three interest rate swaps of \$106.1 million each. The purpose of the interest rate swaps, in short, was to hedge and manage risk inherent in anticipated variable rate bond financing transactions.

In September 2009, the STA Board issued the 2009 A, B and C Series bonds in a combined amount of \$318.3 million in variable rate demand bonds ("VRDBs"). Upon issuance, the interest rate swaps were combined with the variable rate bonds to create "synthetic fixed rate debt" with an approximate synthetically fixed interest rate of approximately 4.0%. This structure continues today with the issuance of the 2014A Series in September 2014 to refund the 2009A Series and the issuance of the 2015A Series in March 2015 to refund the 2009B Series. Each of these refundings was undertaken to provide for a corresponding release from the related Bond Reserve Fund. The amount in the Bond Reserve Fund corresponding to the 2009C Series was released in 2018. 2009C, 2014A and 2015A remain variable rate bonds paired with the interest rates swaps.

These bonds are shown in the table below.

Series	Outstanding Principal	Synthetic Fixed Interest Rate	Final Maturity	Type
2009C	\$106,100,000	3.736%	10/1/2038	Variable
2014A	\$106,100,000	3.736%	10/1/2038	Variable
2015A	\$106,100,000	3.666%	10/1/2038	Variable

In January 2023, the STA Governing Board received an overview of the bond portfolio from STA's Consulting Financial Advisor, Peter Shellenberger, PFM Managing Director.

In March 2023, the STA Governing Board received a presentation from Mr. Shellenberger on refunding of the 2009C, 2014A, and 2015A series bonds from variable rate to fixed rate. The Board directed staff and PFM to continue pursuing bond refinancing opportunities. Each refunding in whole of the 2009C, 2014A and 2015A Series with fixed rate bonds would involve the termination of the corresponding interest rate swap and liquidity facility. PFM's presentation emphasized that the goal of the refinancing would be to reduce risk in STA's existing bond portfolio, reduce administrative efforts, and potentially be a cost neutral approach when considering savings from an additional potential future refunding in 2033. The presentation also highlighted that the STA Governing Board would need to accept the upfront refunding cost in 2023, which may not be recouped until 2033. After this presentation, the STA Governing Board provided the following direction:

- STA staff would need to continue to provide updates to the STA Governing Board.
- Additional STA Governing Board action would be required prior to refinancing.
- If the refunding in 2033 is needed, any STA Governing Board action would need to include reporting and monitoring requirements to ensure this occurs.

In April 2023, STA Staff and PFM Financial Advisors solicited requests for proposals from underwriters. Interviews took place in May 2023 and three underwriting banks were selected should the STA Governing Board decide to proceed with the refinancing transaction. These underwriters were Bank of America (Senior Manager), Wells Fargo (Co-Manager) and Siebert Williams Shank (Co-Manager).

In May 2023, the STA Governing Board received a presentation from Mr. Shellenberger, providing a refinancing progress update and a brief overview of current market conditions.

### Debt Policy

STA's debt program is based on prudent fiscal policy and comprehensive financial analysis practices. STA receives on-going counsel on such matters from bond counsel and consulting from an independent financial advisory firm (PFM Financial Advisors LLC) that specializes in assisting public agencies to participate in the capital markets. Market changes and opportunities require STA to be diligent in its duties as a steward of public funds. The debt policy was previously approved in October 2015.

A debt policy sets forth formal guidelines, allowances, restrictions, and procedures for the issuance and management of debt. It is a “best practice” document recommended by the Government Finance Officers Association (GFOA) for the effective issuance of debt and the integrated administration of a comprehensive debt program. Its primary objectives are: 1) to organize and formalize the agency’s debt issuance policies and procedures; 2) to maintain cost effective access to capital markets through prudent, yet flexible, policies that moderate debt service obligations; and 3) to preserve the highest practical municipal bond rating.

**Discussion**

**Refunding 2009C, 2014A and 2015A Series Bonds and termination of related Swap Agreements with 2023 Series Bonds**

STA staff are requesting STA Governing Board authorization to refinance all or part of the outstanding VRDBs and terminate all or part of the related swap agreements, in a transaction that shall not result in a present value cost greater than 4.71% of the principal amount of the refunded portion of the VRDBs. If all the VRDBs are refunded and all of the related swap agreements are terminated, this would amount to a present value cost of \$15.00 million. In other words, STA would only refund all the VRDBs if it resulted in an increase to total debt service through 2039 of no more than \$15.00 million, in present value terms. Under market conditions on June 7th, the increase in debt service was estimated to be \$12.02 million through 2039, or 3.77% of the refunded principal amount. The not-to-exceed parameter of \$15.00 million (or 4.71% of refunded principal) is set to provide some flexibility given fluctuating market conditions and to align with potential future refunding savings (estimated to be approximately \$15.40 million) to reach a cost-neutral outcome in the long-term. This transaction is intended to break even and under current market conditions STA staff anticipates refinancing the Series 2023 bonds, with the assumption that interest rates will be at the 20-year average, in 10 years with a present value savings of \$15.40 million, resulting in a small amount of savings.

Should market conditions at the time of pricing result in a present value cost of greater than \$15.00 million from refinancing all the 2009C, 2014A and 2015A bonds and terminating all the associated interest rate swaps, STA staff would have the option to refinance a portion of those bonds and terminate a portion of the interest rate swaps, so long as the cost did not exceed \$15.00 million present value (or 4.71% of refunded principal). In this manner, STA staff would be able to reduce at least some of STA’s risks at a cost of no more than \$15.00 million (or 4.71% of refunded principal, while retaining the ability to refund the remaining outstanding 2009C, 2014A and 2015A bonds (and terminating the remaining interest rate swaps) at a later point in time.

The table below summarizes the present value cost over time. This illustrates the variability in the market and the need for parameters that define the authorized amount of flexibility in the proposed resolution for execution of this transaction.

Calculation Date	Interest Rate Swap Termination Value	Net Present Value (NPV) Cost of Full Refinancing	Future Bond Refunding Potential NPV
6/7/2023	\$(36,034,878)	\$(12,011,069)	\$15,401,685
5/1/2023	\$(39,460,000)	\$(9,312,143)	\$15,288,715
3/2/2023	\$(34,013,476)	\$(12,642,346)	\$15,452,755

The attached documents have been prepared by bond counsel, disclosure counsel and underwriters' counsel representing STA and the underwriters. Orrick, Herrington, & Sutcliffe, LLP, STA's bond counsel, Nossaman LLP, STA's disclosure counsel, and STA's general counsel have reviewed the documents.

Peter Shellenberger, Managing Director, PFM Financial Advisors, LLC is with us today to provide a market update. Mayling Leong from Orrick Herrington & Sutcliffe is here to address any questions you may have about the terms of the legal documents needed to complete the transaction which is expected to close in July 2023.

Additionally, Section 5852.1 of the California Government Code requires that issuers, such as the Authority, publicly disclose specific costs and other parameters associated with any proposed debt transaction. The following information is provided as a good-faith estimate to comply with Section 5852.1 of the Code. The true interest cost of the proposed Series 2023 Bonds is currently estimated to be 3.15%. The finance charge of the Series 2023 Bonds (i.e., the sum of all fees and charges paid to third parties) is currently estimated to be \$988,152 – this number includes all transaction costs including fees paid to the underwriter syndicate. The amount of proceeds received by the Authority from the sale of the Series 2023 Bonds is currently estimated to be \$355,641,337 (i.e., the amount available to refunding the variable rate bonds and fund the swap termination cost). The total payment amount (i.e., total principal and interest) on the Series 2023 Bonds is estimated to be \$468,559,144 through the final maturity (2039) of the bonds.

#### Debt Policy

The proposed debt policy (attached) was prepared by staff in coordination with our consulting financial advisors at PFM Financial Advisors. It is intended to provide further evidence to financial markets and participants (and local taxpayers) of the STA's commitment to sound financial management and controlled borrowing practices. It is regarded as a positive factor in the evaluation of the agency's creditworthiness to holders, and potential holders, of STA-issued debt.

A notable update to the existing Debt Policy is the addition of a yearly evaluation of the current market for refinancing opportunities. This will help ensure that STA monitors ongoing refunding opportunities and enters the market in the future to capture debt service savings on the Series 2023 bonds. Under our cost-neutral strategy for this proposed refunding, any future debt service savings will directly offset any increased debt service costs that may be realized in the near-term through the fix-out proposal.

#### *Attachment*

1. Resolution
2. Updated Preliminary Official Statement (POS)
3. Eighth Supplemental Indenture
4. Bond Purchase Contract
5. Continuing Disclosure Certificate
6. Debt Policy

NO. 23-\_\_

**RESOLUTION OF THE GOVERNING BOARD OF THE SACRAMENTO TRANSPORTATION AUTHORITY AUTHORIZING (1) THE ISSUANCE AND SALE OF NOT TO EXCEED \$385,000,000 AGGREGATE PRINCIPAL AMOUNT OF SACRAMENTO TRANSPORTATION AUTHORITY MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023 (LIMITED TAX BONDS), (2) THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, A PURCHASE CONTRACT, AN OFFICIAL STATEMENT, AND A CONTINUING DISCLOSURE CERTIFICATE, (3) THE TAKING OF ALL ACTIONS NECESSARY TO TERMINATE OR AMEND ALL OR ANY PORTION OF THE EXISTING SWAP AGREEMENTS, (4) THE ADOPTION OF AN AMENDED DEBT POLICY, AND (5) THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH**

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**WHEREAS**, the Sacramento Transportation Authority (the “Issuer”) is duly organized and existing under the provisions of the Local Transportation Authority and Improvement Act, being Division 19 of the Public Utilities Code of the State of California, Sections 180000 *et seq.* (the “Act”);

**WHEREAS**, the Issuer adopted Ordinance No. STA-04-01, on July 29, 2004 (the “Ordinance”), pursuant to the provisions of Chapter 5 of the Act (Sections 180200 through 180207, inclusive), which Ordinance provides for the imposition of a retail transactions and use tax (the “2004 Measure A Sales Tax”) applicable in the incorporated and unincorporated territory of the County of Sacramento (the “County”) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, at the rate of one-half of one percent ( $\frac{1}{2}\%$ ) for a period of thirty (30) years beginning April 1, 2009;

**WHEREAS**, the 2004 Measure A Sales Tax was approved by more than two-thirds of the electors voting on a ballot measure (“2004 Measure A”) to authorize such 2004 Measure A Sales Tax at the general election held in the County on November 2, 2004;

**WHEREAS**, pursuant to the Ordinance, the collection of the 2004 Measure A Sales Tax began on April 1, 2009 and will expire on March 31, 2039;

**WHEREAS**, the Issuer is authorized by Chapter 6 of the Act and the Ordinance to issue from time to time bonds or notes and to incur from time to time other obligations payable in whole or in part from revenues of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”) for capital outlay expenditures for the purposes set forth in Section VI of the Ordinance, including the carrying out of transportation projects described in the Expenditure Plan (attached as Exhibit A to the Ordinance), including any future amendments thereto;

**WHEREAS**, the Issuer previously executed and delivered that certain Indenture, dated as of September 1, 2009 (as previously supplemented and amended from time to time in accordance with its terms, the “Indenture”), with U.S. Bank Trust Company, National Association, as successor trustee (in such capacity, the “Trustee”), in order to provide for the issuance, authentication and delivery from time to time of certain bonds or notes (the “Bonds”), to

establish and declare the terms and conditions upon which the Bonds and other obligations secured by the Sales Tax Revenues shall be issued and secured and to secure the payment of the principal thereof, premium (if any), and interest on the Bonds and other obligations secured by the Sales Tax Revenues on a parity with the Bonds and certain other obligations secured by the Sales Tax Revenues;

**WHEREAS**, the Issuer previously issued its (i) Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) (the “Series 2009C Bonds”) in the original aggregate principal amount of \$106,100,000, all of which are currently outstanding, (ii) Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) (the “Series 2014A Bonds”) in the original aggregate principal amount of \$106,100,000, all of which are currently outstanding, and (iii) Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds) (the “Series 2015A Bonds”) in the original aggregate principal amount of \$106,100,000, all of which are currently outstanding;

**WHEREAS**, the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds bear interest at variable rates supported by liquidity facilities in the form of standby bond purchase agreements (collectively, the Series 2009C Bonds, the Series 2014 Bonds and the Series 2015A Bonds are referred to herein as the “Variable Rate Bonds”);

**WHEREAS**, the Issuer desires to refinance the Variable Rate Bonds, whether in whole or in part (the “Refinancing”);

**WHEREAS**, the following documents, collectively referred to herein as the BofA Swap Agreement, were previously executed and delivered: (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by the First Amendment, dated as of December 14, 2017, each between the Issuer and Bank of America, N.A. (“BofA”); (ii) the ISDA U.S. Municipal Counterparty Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA; and (iv) the Confirmation No. 4847090, dated October 18, 2006 (the “BofA Confirmation,” with the trade documented by the BofA Confirmation referred to herein as the “BofA Swap Transaction”);

**WHEREAS**, the following documents, collectively referred to herein as the JPM Swap Agreement, were previously executed and delivered: (i) the ISDA Master Agreement, dated as of October 18, 2006, between the Issuer and Bear Stearns Financial Products Inc., and assigned to JPMorgan Chase Bank, N.A. (“JPM”) pursuant to an Assignment Agreement, dated as of April 14, 2009, (ii) the ISDA Amended and Restated U.S. Municipal Counterparty Schedule, dated as of December 28, 2017, between the Issuer and JPM, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of December 28, 2017, between the Issuer and JPM; and (iv) Second Amended and Restated Confirmation No. 0500007012708, dated December 28, 2017 (the “JPM Confirmation,” with the trade documented by the JPM Confirmation referred to herein as the “JPM Swap Transaction”);

**WHEREAS**, the following documents, collectively referred to herein as the Goldman Swap Agreement, were previously executed and delivered: (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by an Amendment, dated as of December 15, 2017,

each between the Issuer and Goldman Sachs Capital Markets, L.P. (“Goldman”); (ii) the ISDA U.S. Municipal Counterparty Schedule, dated as of October 18, 2006, between the Issuer and Goldman, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and Goldman; (iv) Guaranty, dated November 17, 2006, by Goldman Sachs Group, Inc., and (v) Confirmation No. 00665856101, dated October 18, 2006 (the “Goldman Confirmation,” with the trade documented by the Goldman Confirmation referred to herein as the “Goldman Swap Transaction” and, together with the BofA Swap Transaction and the JPM Swap Transaction the “Swap Transactions” and each individually, a “Swap Transaction”);

**WHEREAS**, the Issuer has the right to terminate the Swap Transactions at its option with payment of a termination amount either to or by the Issuer based on then-current market conditions and under current market conditions it is expected that a termination payment will be required to be paid by the Issuer to terminate the Swap Transactions;

**WHEREAS**, the Swap Transactions are associated with the Variable Rate Bonds and the Issuer desires to terminate the Swap Transactions, whether in whole or in part (the “Swap Terminations”), in connection with the Refinancing, and the Issuer may be required to execute agreements with the counterparties to the Swap Transactions as part of the Swap Terminations;

**WHEREAS**, if the Swap Transactions are terminated in part, all or any portion of the Swap Transactions may have to be amended (the “Swap Amendments”), and if any of the Swap Transactions is terminated on the condition that the issuance of refunding bonds has occurred (or will occur simultaneously with the settlement of such Swap Transaction termination) and/or the Refinancing of the applicable series of Variable Rate Bonds has occurred (or will occur simultaneously with the settlement of such Swap Transaction termination) and such issuance and/or Refinancing does not occur, such Swap Transaction will have to be reinstated;

**WHEREAS**, the Issuer is authorized by Chapter 6 of the Act to provide for the issuance and sale of refunding bonds to redeem or retire any bonds issued by the Issuer and the Issuer has now determined to issue a new series of Bonds under the Indenture as fixed rate bonds in an aggregate principal amount not to exceed \$385,000,000 (the “Series 2023 Bonds”);

**WHEREAS**, the Issuer desires to use the proceeds of the Series 2023 Bonds, in conjunction with any funds currently held by the Trustee for the payment of interest on the Variable Rate Bonds and, if necessary, other available moneys, for the Refinancing, to pay the termination payments owed by the Issuer in connection with the Swap Terminations, and to pay costs of issuance in connection with the Series 2023 Bonds;

**WHEREAS**, the Issuer’s existing debt policy for the issuance of refunding bonds requires a minimum debt service savings threshold goal of 3.0% of the refunded bond principal amount, on a maturity-by-maturity basis, unless there are other compelling reasons, such as, but not limited to, restructuring the repayment schedule of the debt, changing the type of debt instruments being used or to retiring an indenture in order to remove undesirable covenants;

**WHEREAS**, while the Refinancing and the Swap Terminations are not expected to produce the minimum debt service savings set forth in the Issuer’s debt policy, they are

necessary components of the Issuer’s long-term strategy to reduce risks associated with variable rate debt and hedging instruments, and the Governing Board of Directors of the Issuer (the “Board”) has determined, subject to the limitations in Section 2 hereof, that such risk reduction strategy is a compelling reason to issue the Series 2023 Bonds for the purposes of the Refinancing and the Swap Terminations;

**WHEREAS**, the issuance of the Series 2023 Bonds is required by Section 180252 of the Act to be approved by two-thirds vote of the Board;

**WHEREAS**, the Series 2023 Bonds shall be secured by a pledge of the Sales Tax Revenues and shall be issued pursuant to the Indenture and a Supplemental Indenture, to be entered into between the Issuer and the Trustee (the “Supplemental Indenture”), and a proposed form of Supplemental Indenture has been prepared and presented to the Board;

**WHEREAS**, in order to set forth the terms of sale of the Series 2023 Bonds, the Issuer proposes to enter into a bond purchase contract (the “Purchase Contract”) with BofA Securities, Inc., on behalf of itself and as representative of Wells Fargo Bank, National Association and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”) and a proposed form of the Purchase Contract has been prepared and presented to the Board;

**WHEREAS**, in order to provide information about the Series 2023 Bonds and related matters to purchasers and potential purchasers of the Series 2023 Bonds, the Issuer proposes to execute and deliver an official statement (the “Official Statement”) and the proposed form of the Official Statement has been prepared and presented to the Board in preliminary form (the “Preliminary Official Statement”);

**WHEREAS**, in order to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Issuer proposes to enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) and a proposed form of the Continuing Disclosure Certificate has been prepared and presented to the Board;

**WHEREAS**, the Board has been presented with proposed forms of the Supplemental Indenture, the Purchase Contract, the Preliminary Official Statement, and the Continuing Disclosure Certificate, and the Board has examined and approved each document and desires to authorize and direct the execution and performance of such documents as are specified herein and such other documents as are necessary in connection with the Refinancing, the Swap Terminations and, if necessary, the Swap Amendments or reinstatement of any Swap Transaction, and to authorize and direct the taking of all other actions necessary for the consummation of the Refinancing, the Swap Terminations and, if necessary, the Swap Amendments and reinstatement of any Swap Transaction;

**WHEREAS**, the Issuer also desires to amend its existing debt policy with an updated debt policy (the “Debt Policy”) in the form presented to the Board, which will replace the Issuer’s existing debt policy and include an annual evaluation by the Issuer of its outstanding debt to assess refunding opportunities;



**WHEREAS**, all acts, conditions and things required by the Act and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Series 2023 Bonds and consummation of the Refinancing, Swap Terminations and Swap Amendments authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such Refinancing, Swap Terminations, and Swap Amendments (including any reinstatement of any Swap Transaction), and to authorize the execution of the Supplemental Indenture, the Purchase Contract, the Official Statement, the Continuing Disclosure Certificate, the Swap Amendments and documents necessary for any reinstatement of any Swap Transaction, and to adopt the Debt Policy, for the purposes, in the manner and upon the terms provided;

**NOW THEREFORE, THE SACRAMENTO TRANSPORTATION AUTHORITY RESOLVES:**

**Section 1.** The Issuer finds and determines that the foregoing recitals are true and correct.

**Section 2.** The issuance by the Issuer of not to exceed \$385,000,000 aggregate principal amount of the Series 2023 Bonds, in one or more series, in accordance with the provisions set forth in the Indenture and the Supplemental Indenture as finally executed and delivered, is hereby authorized and approved, provided, however, that the issuance of the Series 2023 Bonds, together with the Refinancing and the Swap Terminations, shall not result in a present value cost greater than (i) \$15,000,000, and (ii) 4.71% of the principal amount of the refunded portion of the Variable Rate Bonds (as evidenced by a certificate of the Issuer's municipal advisor).

**Section 3.** The proposed form of Supplemental Indenture presented to this meeting is hereby approved. The structure, date, maturity date or dates (not to exceed October 1, 2038), fixed interest rates (whereby the stated interest rates for the Series 2023 Bonds shall not exceed 5.50% per annum), interest payment dates, forms, registration privileges, place or places of payment, terms of redemption and number thereof and other terms of the Series 2023 Bonds shall be (subject to the foregoing limitations) as provided in the Indenture and the Supplemental Indenture as finally executed and delivered.

Any of the Chairman or Executive Director or each of their respective designee (each, an "Authorized Representative") is hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver the Supplemental Indenture, in substantially said form, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Series 2023 Bonds shall be executed by the manual or facsimile signature of the Chairperson of the Issuer and the Auditor-Controller of the Issuer and attested by the manual or facsimile signature of the Clerk, and shall be in the form set forth in and otherwise in accordance with the Supplemental Indenture; and when so executed, the Series 2023 Bonds shall be delivered to the Trustee for authentication by the Trustee and delivery by the Trustee to the Underwriter thereof in accordance with written instructions executed on behalf of the Issuer by

any Authorized Representative, which instructions such person is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver to the Trustee and which instructions shall provide for the delivery of the Series 2023 Bonds to the Underwriter in accordance with the Purchase Contract upon payment of the purchase price of the Series 2023 Bonds.

**Section 4.** The proposed form of the Purchase Contract presented to this meeting is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to sell the Series 2023 Bonds to the Underwriters pursuant to the Purchase Contract with a not-to-exceed 5.50% per annum true interest cost (without taking into account the costs of the Swap Terminations) and with the Underwriters' compensation not to exceed 0.30% of the principal amount of the Series 2023 Bonds and to execute and deliver the Purchase Contract in substantially said form, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5.** The proposed form of Preliminary Official Statement presented to this meeting is hereby approved. Any Authorized Representative is hereby authorized and directed to execute and deliver to the Underwriters a certificate deeming the Preliminary Official Statement, in substantially the form on file with the Clerk and presented to this meeting and with such changes as such Authorized Representative approves in the interest of the Issuer, final within the meaning of Securities Exchange Commission Rule 15c2-12. The Underwriters are hereby authorized to distribute the Preliminary Official Statement and the Official Statement. Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver the Official Statement, in substantially the form of the Preliminary Official Statement, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.** The proposed form of the Continuing Disclosure Certificate presented to this meeting is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver the Continuing Disclosure Certificate, in substantially said form, with such changes therein as the person executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** Any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to take all actions necessary to implement the Swap Terminations and, if necessary, the Swap Amendments, including executing and delivering any related documents and providing any related certifications.

If the issuance of the Series 2023 Bonds and/or any portion of Refinancing does not occur, any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Issuer, to take all actions necessary to implement the applicable Swap Transaction, including executing and delivering any related documents and providing any related certifications.

In the event that all or a portion of the applicable Swap Transaction is reinstated, the Board hereby finds and determines, pursuant to Section 5922 of the Government Code of the State of California, that due consideration has been given for the creditworthiness of the counterparty to such Swap Transaction, including any related guarantee of, or other credit support for, the obligations of such counterparty, if applicable, and that such Swap Transaction is designed to reduce the amount or duration of rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the applicable Variable Rate Bonds. To the extent that any Swap Transaction so reinstated as described above is inconsistent or in conflict with the Issuer's Interest Rate Swap Policy, adopted by the Board in 2006, the inconsistent or conflicting provisions of the Interest Rate Swap Policy is hereby waived and shall not be applicable to any Swap Transaction reinstated as described above.

**Section 8.** All approvals, consents, directions, notices, orders, requests, certifications and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Series 2023 Bonds or before or after the effective date of the Swap Terminations or the Swap Amendments (including, without limitation, any amendment of any of the documents authorized by this Resolution or other agreement related thereto, any investment or reinvestment of proceeds of the Series 2023 Bonds or amounts held on deposit in any of the funds or accounts established under the Indenture or the Supplemental Indenture, or otherwise in connection with the Refinancing, or in connection with the addition, substitution or replacement of underwriters, or any agreements with paying agents or the removal or replacement of the Trustee) or any similar action may be given or taken by any Authorized Representative, without further authorization or direction by the Issuer, and each Authorized Representative is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, certification or other action and to execute such documents and take any such action which such Authorized Representative may deem necessary or desirable to further the purposes of this Resolution.

**Section 9.** Any Authorized Representative and each other appropriate officer of the Issuer, are authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all agreements, certificates, documents and instruments, including, without limitation, signature or incumbency certificates, no-litigation certificates, disclosure certificates, escrow agreements, tax certificates, letters of representation relating to book-entry registration, certificates concerning the representations in the Purchase Contract, certificates concerning the contents of the Official Statement and contracts for rebate compliance services, and concerning the Swap Terminations and the Swap Amendments and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Issuer has approved in this Resolution.

Each Authorized Representative may appoint in writing a designee to perform any of the actions that an Authorized Representative may take under this Resolution.

**Section 10.** The General Counsel of the Issuer is authorized and directed to provide such opinions, on behalf of the Issuer, as are required to consummate the transactions authorized by this Resolution.

**Section 11.** In the event that the Executive Director is unable to take any of the actions authorized in this Resolution, the Accounting Manager is hereby authorized to take any and all such action without further authorization or direction from the Board. All actions heretofore taken by the members of the Board, any Authorized Representative, the Accounting Manager, the General Counsel, or any other officers, agents or employees of the Issuer, with respect to the issuance of the Series 2023 Bonds, and the other transactions contemplated hereby (including the Refinancing, the Swap Terminations and the Swap Amendments), and by the Official Statement, are hereby ratified, confirmed and approved.

**Section 12.** The Issuer hereby adopts the Debt Policy.

**Section 13.** If any section, paragraph clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph or clause or provision shall not affect any of the remaining provisions of this Resolution.

**Section 14.** The Issuer hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

**Section 15.** This Resolution shall take effect immediately upon its adoption and approval.

**PASSED AND ADOPTED** by the Governing Board of the Sacramento Transportation  
Issuer this 16<sup>th</sup> day of June, 2023, by the following vote:

AYES: .....

NOES: .....

ABSENT: .....

ABSTAINING: .....

By: \_\_\_\_\_

Chairperson  
Sacramento Transportation Authority

ATTEST:

By: \_\_\_\_\_

Clerk of the Governing Board

APPROVED AS TO FORM:

By: \_\_\_\_\_

General Counsel

**NEW ISSUE—BOOK ENTRY ONLY**

**RATINGS:**  
 Fitch: “\_\_\_\_\_”  
 Outlook Stable  
 S&P Global Ratings: “\_\_\_\_\_”  
 Outlook Stable  
 (See “RATINGS”)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. See “TAX MATTERS” herein.*

\$ \_\_\_\_\_ \*

**SACRAMENTO TRANSPORTATION AUTHORITY  
 MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023  
 (LIMITED TAX BONDS)**

Dated: Date of Delivery

Due: October 1 of each year as shown on the inside cover

The Sacramento Transportation Authority (the “Authority”) will issue the Bonds described herein (the “Series 2023 Bonds”) pursuant to an Indenture, dated as of September 1, 2009 (the “Original Indenture”), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of [DATE], 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”). The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the “Indenture.”

The Series 2023 Bonds are limited obligations of the Authority secured by a pledge of Revenues (as defined herein) which consist of the Sales Tax Revenues and certain other moneys, as described herein. Sales Tax Revenues consist of sales tax revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the “2004 Measure A Sales Tax”), less certain administrative fees paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”). The 2004 Measure A Sales Tax was approved by more than 75% of the electorate of the County of Sacramento (the “County”) voting on the ballot measure in November 2004. Collection of the 2004 Measure A Sales Tax commenced April 1, 2009 and will expire on March 31, 2039. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

The Authority has previously issued bonds and incurred Parity Obligations (as defined herein), including the Authority’s Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2009 Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2014A Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds), in the outstanding principal amount of \$106,100,000 (the “Series 2015A Bonds”), and the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2022 (Limited Tax Bonds), in the outstanding principal amount of \$24,245,000 (the Series 2022 Bonds”) that are secured under the Indenture by the pledge of Revenues and payable on a parity with the Series 2023 Bonds. Subject to market conditions and the achievement of financial and policy goals established by the Authority’s Governing Board of Directors, the Authority plans to use the proceeds of the Series 2023 Bonds to refund all or a portion of the principal amount of the Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds. The Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds are collectively referred herein as the “Prior Bonds” and the Prior Bonds that will be refunded is referred to herein as the “Refunded Bonds.” The Authority expects to redeem the Refunded Bonds on the date of the delivery of the Series 2023 Bonds. Upon such redemption, the Refunded Bonds will no longer be outstanding under the Indenture. The Authority has incurred and may issue or incur additional Bonds, Parity Obligations, Subordinate Obligations or Fee and Expense Obligations in accordance with the terms of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

Proceeds from the sale of the Series 2023 Bonds along with other amounts held by the Trustee and contributed by the Authority will be (i) deposited with U.S. Bank Trust Company, National Association, as trustee for the Prior Bonds, to provide for the redemption of the Prior Bonds, (ii) paid to the counterparties under the interest rate swap agreements relating to the Prior Bonds in connection with the termination thereof, and (iii) use to pay Costs of Issuance with respect to the Series 2023 Bonds.

The Series 2023 Bonds will be dated their date of delivery. The principal amounts, interest rates and maturity dates of the Series 2023 Bonds are as set forth on the inside cover page. Interest on the Series 2023 Bonds will be paid each October 1 and April 1, commencing October 1, 2023. Investors may purchase Series 2023 Bonds in book-entry form only.

**The Series 2023 Bonds are subject to redemption prior to their maturity.** See “THE SERIES 2023 BONDS—Redemption of the Series 2023 Bonds” herein.

**By purchasing the Series 2023 Bonds, each Holder and each Beneficial Owner (each as herein defined) of of the Series 2023 Bonds will be deemed to have irrevocably consented to the amendment of the definition of Debt Service in the Indenture. See “BONDHOLDER CONSENT TO INDENTURE AMENDMENTS” herein.**

**THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST, FROM REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2023 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY ARE NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2023 BONDS OR THEIR INTEREST. THE SERIES 2023 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 CERTAIN FUNDS HELD UNDER THE INDENTURE.**

The Series 2023 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its general counsel and by Nossaman LLP, Disclosure Counsel to the Authority, and for the Underwriters by their counsel, Kutak Rock LLP. It is expected that the Series 2023 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2023.

**BofA Securities**

**Siebert Williams Shank & Co., LLC**

**Wells Fargo Securities**

Official Statement Dated: \_\_\_\_\_

\$ \_\_\_\_\_  
**SACRAMENTO TRANSPORTATION AUTHORITY**  
**MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023**  
**(LIMITED TAX BONDS)**

**Maturity Schedule\***

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Price</u> ±	<u>Yield</u> ±	<u>CUSIP</u> †
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± Prices and yields have been provided by the Underwriters. See “UNDERWRITING” herein.

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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 Series 2023 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 Authority, the Underwriters 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.

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 Official Statement.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2023 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 Series 2023 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. Preparation of this Official Statement and its distribution have been duly authorized and approved 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. Certain capitalized terms used but not defined herein are defined in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-Definitions."

Additional information, including financial information, concerning the Authority is available from publications and websites of the Authority and others. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

The Underwriters may offer and sell the Series 2023 Bonds to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields stated in the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

**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 that 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, or events, conditions or circumstances on which such statements are based occur.

**SACRAMENTO TRANSPORTATION AUTHORITY**

**Governing Board**

Rich Desmond  
Phil Serna  
Patrick Kennedy  
Katie Valenzuela  
Patrick Hume  
Eric Guerra  
Paul Sandhu  
Mai Vang

Donald Terry  
Caity Maple  
Karina Talamantes  
Rosario Rodriguez  
Kevin Spease  
Sue Frost  
Bobbie Singh-Allen  
Jayna Karpinski-Costa

**Alternate Board Members**

Shawn Farmer  
Nick Avdis  
Darren Suen  
Mike Kozlowski

Bret Daniels  
Siri Pulipati

**Administrative Staff**

Kevin Bewsey, Executive Director  
Dustin Purinton, Accounting Manager  
Jennifer Doll, Administrative Services Officer  
William Burke, General Counsel and Deputy County Counsel

**SPECIAL SERVICES**

**Financial Advisor**

PFM Financial Advisors LLC  
San Francisco, California

**Bond Counsel**

Orrick, Herrington & Sutcliffe LLP  
Sacramento, California

**Disclosure Counsel**

Nossaman LLP  
Los Angeles, California

**Trustee**

U.S. Bank Trust Company, National Association  
San Francisco, California

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**OFFICIAL STATEMENT**

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**SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023  
(LIMITED TAX BONDS)**

**INTRODUCTION AND PURPOSE OF THE SERIES 2023 BONDS**

*The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each document.*

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the Sacramento Transportation Authority (the “Authority”) of \$ \_\_\_\_\_\* aggregate principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Series 2023 Bonds”).

The Sacramento Transportation Authority (the “Authority”) will issue the Bonds described herein (the “Series 2023 Bonds”) pursuant to an Indenture, dated as of September 1, 2009 (the "Original Indenture"), as previously supplemented and amended, and the Eighth Supplemental Indenture, dated as of [DATE], 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, in the Indenture.

Pursuant to the Local Transportation Authority and Improvement Act, being Division 19 of the Public Utilities Code of the State of California (Sections 180000 et seq.) (the “Act”), the Authority is authorized to issue indebtedness payable in whole or in part from Sales Tax Revenues (defined below).

The Series 2023 Bonds are limited obligations of the Authority secured by a pledge of Revenues (as defined herein) which consist of the Sales Tax Revenues and certain other moneys, as described herein. Sales Tax Revenues consist of sales tax revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the “2004 Measure A Sales Tax”), less certain administrative fees paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

*\*Preliminary, subject to change*

The 2004 Measure A Sales Tax was approved by more than 75% of the electorate of the County of Sacramento (the “County”) voting on the ballot measure in November 2004. Collection of the 2004 Measure A Sales Tax commenced April 1, 2009 and will expire on March 31, 2039.

The Series 2023 Bonds are secured by a pledge of Revenues under the Indenture and payable on a parity with the Authority’s Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2009 Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) in the outstanding principal amount of \$106,100,000 (the “Series 2014A Bonds”), the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds), in the outstanding principal amount of \$106,100,00 (the “Series 2015A Bonds”) and the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2022 (Limited Tax Bonds), in the outstanding principal amount of \$24,245,000 (the Series 2022 Bonds”). Subject to market conditions and the achievement of financial and policy goals established by the Authority’s Governing Board of Directors, the Authority plans to use the proceeds of the Series 2023 Bonds to refund all or a portion of the principal amount of the Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds. The Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds are collectively referred herein as the “Prior Bonds” and the portion of the Series 2009 Bonds, the Series 2014A Bonds and the Series 2015A Bonds that will be refunded is referred to herein as the “Refunded Bonds.” The Authority expects to redeem the Refunded Bonds on the date of the delivery of the Series 2023 Bonds. Upon such redemption, the Refunded Bonds will no longer be outstanding under the Indenture.

The Series 2009C Bonds are variable rate bonds that are supported by a Standby Bond Purchase Agreement, dated as of August 1, 2013 (as subsequently amended in accordance with its terms, the “2009C Liquidity Facility”) with U.S. Bank National Association (the “2009C Liquidity Facility Provider”). The 2009C Liquidity Facility expires on November 20, 2027. The Series 2014A Bonds are variable rate bonds that are supported by a Standby Letter of Credit and Reimbursement Agreement dated as of October 1, 2019 (the “2014A Reimbursement Agreement”), between the Authority and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “2014A Liquidity Facility Provider”), pursuant to which the 2014A Liquidity Facility Provider issued its Standby Letter of Credit (the “2014A Standby Letter of Credit” and together with the 2014A Reimbursement Agreement, the “2014A Liquidity Facility”) supporting the purchase price of the Series 2014A Bonds. The 2014A Liquidity Facility expires on October 30, 2024. The Series 2015A Bonds are variable rate bonds that are supported by a Standby Letter of Credit and Reimbursement Agreement dated as of May 1, 2018 (the “2015A Reimbursement Agreement”), between the Authority and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “2015A Liquidity Facility Provider”), pursuant to which the 2015A Liquidity Facility Provider issued its Standby Letter of Credit (the “2015A Standby Letter of Credit” and together with the 2015A Reimbursement Agreement, the “2015A Liquidity Facility”) supporting the purchase price of the Series 2015A Bonds. The 2015A Liquidity Facility expires on May 11, 2028. None of the 2009C Liquidity Facility, the 2014A Liquidity Facility or the 2015A Liquidity Facility provides support or funds or security for the Series 2023 Bonds. The 2009C Liquidity Facility, the 2014A Liquidity Facility and the 2015A Liquidity Facility are collectively referred to herein as the “Existing Liquidity Facilities and each individually, an “Existing Liquidity Facility.” The 2009C Liquidity Facility Provider, 2014A Liquidity Facility Provider and 2015A Liquidity Facility Provider are collectively referred to herein as the “Existing Liquidity Facility Providers” and each individually, an “Existing Liquidity Facility Provider.” To the extent that any series of the Prior Bonds associated with an Existing Liquidity Facility is redeemed in whole, such related Existing Liquidity Facility will be terminated as of the date of redemption of such series. To the extent that a particular series of the Prior Bonds is redeemed only in part, such related Existing Liquidity Facility will not be terminated and the Authority expects that such Existing Liquidity Facility will be amended to reflect a commitment amount corresponding with the outstanding principal amount of such series of Prior Bonds.

Additional bonds and other obligations secured by a pledge of the Revenues and payable on a parity (the “Parity Obligations”) with the Series 2022 Bonds and the Series 2023 Bonds, and any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, may in the future be issued or incurred subject to satisfaction of certain requirements as set forth in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Additional Bonds and Parity Obligations.” The Series 2022 Bonds and the Series 2023 Bonds, and any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and any additional bonds hereafter authorized by, and at any time Outstanding under, the Indenture, are referred to collectively herein as the “Bonds.”

Other obligations of the Authority secured by a pledge of the Revenues (including Sales Tax Revenues) and payable on a basis subordinate to any Bonds and the Parity Obligations may hereafter be issued or incurred (the “Subordinate Obligations”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS - Subordinate Obligations” herein.

In October 2006 and in anticipation of certain variable rate demand bonds issued by the Authority in 2009 in an aggregate principal amount of \$318,300,000, the Authority entered into three interest rate swap agreements in an initial aggregate notional amount of \$318,300,000 (the “Initial Swaps” and each interest rate swap agreement, an “Initial Swap”), pursuant to which the Authority has agreed to pay to the counterparties a fixed rate of interest and each of the counterparties has agreed to pay the Authority a floating rate of interest. The Initial Swaps became effective as of October 1, 2009 and the notional amounts amortize in tandem with the amortization of the Series 2009C Bonds, the Series 2014A Bonds (which refunded another one series of the bonds originally issued in 2009) and the Series 2015A Bonds (which refunded another one series of the bonds originally issued in 2009). In connection with the issuance of the Series 2023 Bonds and the redemption of the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds, the Authority expects to terminate each Initial Swap corresponding to the series of Prior Bonds that is redeemed in whole. To the extent that a particular series of Prior Bonds is redeemed only in part, such related Initial Swap will be amended to reflect a notional amount corresponding to the with the outstanding principal amount of such series of Prior Bonds. To the extent not terminated upon the issuance of the Series 2023 Bonds, regularly scheduled payments on the Initial Swaps are secured under the Indenture as Parity Obligations and are payable on a parity with the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Initial Swap Agreements.”

To the extent any of the Initial Swaps and the Existing Liquidity Facilities are not terminated upon the issuance of the Series 2023 Bonds, the obligation of the Authority to make termination payments under the Initial Swaps, the obligation of the Authority to pay fees, expenses and other charges under the Existing Liquidity Facilities, and certain other obligations of the Authority which constitute fees, expenses and similar charges in connection with any Bonds, the Parity Obligations and the Subordinate Obligations that may be issued or incurred (collectively, the “Fee and Expense Obligations”) shall be payable on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations.

The purchase of the Series 2023 Bonds involves risks, certain of which are discussed under “RISK FACTORS” below.

See “CONTINUING DISCLOSURE” and APPENDIX F – “PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE” for a description of the continuing disclosure obligation undertaken by the Authority with respect to the Series 2023 Bonds.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all



terms and conditions. All statements herein are qualified in their entirety by reference to each such document, copies of which are available upon request from the Trustee.

## **BONDHOLDER CONSENT TO INDENTURE AMENDMENTS**

By purchasing the Series 2023 Bonds, each Holder and each Beneficial Owner of the Series 2023 Bonds will be deemed to have irrevocably consented to the amendment of the definition of Debt Service as defined in the Indenture, and to have approved, on behalf of themselves and all subsequent Holders and Beneficial Owners of the Series 2023 Bonds, the Indenture as amended, including as amended by the Eighth Supplemental Indenture. The current definition of Debt Service provides certain assumptions that are applicable when calculating Maximum Annual Debt Service and the Bond Reserve Requirement, including for the calculation of interest rate for taxable variable rate debt, that is, debt the interest on which is included or expected to be included in gross income for federal income tax purpose. For taxable variable rate debt, the current assumption is based on One Month USD LIBOR Rate as the reference rate. The amendments to the Indenture will replace One Month USD LIBOR Rate with SOFR Index as the reference rate. The Authority does not have any taxable variable rate debt outstanding. None of the Bonds, including the Series 2023 Bonds, are or will be secured by the Bond Reserve Fund. For a complete description of the amendments, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in the definitions of “Debt Service” and “SOFR Index.”

The amendments to the Indenture will become effective on the date which is the latter of the receipt of: (i) the consent of Holders of a majority in aggregate amount of Bonds, and (ii) the date on which the Authority and the Trustee receive consents to such amendments from each Existing Liquidity Facility Provider and each counterparty for the Initial Swap related to any of Prior Bonds that will remain outstanding upon the issuance of the Series 2023 Bonds. If all of the Prior Bonds are redeemed on the date of issuance of the Series 2023 Bonds, the amendments to the Indenture will become effective on such date.

## **THE SERIES 2023 BONDS**

### **General**

The Series 2023 Bonds are being issued by the Authority pursuant to the Indenture and the Act. The Series 2023 Bonds will be dated the date of delivery, and will bear interest at the rates and mature on the dates and in the principal amounts, all as shown on the inside cover page of this Official Statement.

The Series 2023 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2023 Bonds. Investors may purchase Series 2023 Bonds in book-entry form only. Beneficial Owners of the Series 2023 Bonds will not receive certificates representing their ownership interests in the Series 2023 Bonds purchased. Payments of principal and interest on the Series 2023 Bonds will be made to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2023 Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Authority. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

Interest on the Series 2023 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Authority will issue the Series 2023 Bonds as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Authority will pay interest on the Series 2023 Bonds on April 1 and October 1 of each year, commencing on October 1, 2023.

**Redemption of the Series 2023 Bonds**

**Optional Redemption.** The Series 2023 Bonds maturing on and after October 1, 20[ ] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 20[ ], as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

**Selection of Bonds for Optional Redemption.** The Authority shall designate which maturities of any Series 2023 Bonds are to be called for optional redemption. If less than all Series 2023 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2023 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Series 2023 Bonds so selected for redemption. For purposes of such selection, Series 2023 Bonds shall be deemed to be composed of multiples of minimum authorized denominations and any such multiple may be separately redeemed. In the event Series 2023 Bonds are designated for optional redemption, the Authority may designate the mandatory sinking fund redemption payments, or portions thereof, that are to be reduced as allocated to such optional redemption.

**Sufficient Funds Required for Optional Redemption.** Any optional redemption of Series 2023 Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of the Indenture 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 Series 2023 Bonds called for redemption.

**Notice of Optional Redemption.** Notice of redemption of the Series 2023 Bonds shall be provided in accordance with, and subject to, the provisions of the indenture; provided that, solely with respect to the Series 2023 Bonds, such notice shall be mailed by the Trustee not less than twenty (20) nor more than sixty (60) days prior to the redemption date.

**Mandatory Sinking Account Redemption.** The Series 2023 Bonds that are Term Bonds are subject to mandatory redemption from mandatory sinking account payments for the Series 2023 Bonds, on each date a mandatory sinking account payment for the Series 2023 Bonds 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 Series 2023 Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

Series 2023 Bonds due 20[ ]			
Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment	Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment
[ ]	\$[ ]	[ ]	\$[ ]

\* Final Maturity

**Selection of Bonds for Mandatory Sinking Account Redemption.** If less than all Series 2023 Bonds 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 Series 2023 Bonds of such maturity date to be redeemed by lot in any manner that it deems appropriate, provided that the Trustee shall promptly notify the Authority in writing of the numbers of the Series 2023 Bonds so selected for mandatory redemption. For purposes of such selection, Series 2023 Bonds shall 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 Series 2023 Bonds on the open market. In lieu of mandatory redemption, the Authority may surrender to the Trustee for cancellation Series 2023 Bonds purchased on the open market, and such Series 2023 Bonds shall be cancelled by the Trustee. If any Series 2023 Bonds are so cancelled, the Authority may designate the mandatory sinking account payments or portions thereof within the Series 2023 Bonds so purchased that are to be reduced as a result of such cancellation.

## DEBT SERVICE SCHEDULE

The following table shows the estimated annual debt service requirements on the Series 2009C Bonds, the Series 2014A Bonds, the Series 2015A Bonds, the Series 2022 Bonds and the Series 2023 Bonds before and after the issuance of the Series 2023 Bonds.

Fiscal Year Ending June 30	Series 2009C <sup>(1)</sup>	Series 2014A <sup>(2)</sup>	Series 2015A <sup>(3)</sup>	Series 2022	Series 2023			Combined Annual Debt Service Before Issuance of the Series 2023 Bonds	Combined Annual Debt Service After Issuance of the Series 2023 Bonds
					Principal	Interest	Debt Service		
2023	3,963,896	3,963,896	3,889,626	615,506				17,540,637	
2024	3,963,896	3,963,896	3,889,626	5,445,500				17,300,168	
2025	3,963,896	3,963,896	3,889,626	5,442,500				17,295,668	
2026	3,963,896	3,963,896	3,889,626	5,443,125				17,294,793	
2027	3,963,896	3,963,896	3,889,626	5,441,750				17,296,793	
2028	3,963,896	3,963,896	3,889,626	5,442,750				17,296,043	
2029	11,323,796	11,225,664	11,153,984	-			-	33,703,444	
2030	11,632,388	11,734,256	11,569,869	-			-	34,936,513	
2031	11,722,300	11,624,168	11,665,591	-			-	35,012,059	
2032	11,699,136	11,801,004	11,648,482	-			-	35,148,622	
2033	11,762,896	11,762,896	11,718,542	-			-	35,244,334	
2034	11,811,712	11,811,712	11,773,938	-			-	35,397,362	
2035	11,845,584	11,845,584	11,814,670	-			-	35,505,838	
2036	11,864,512	11,864,512	11,938,905	-	-		-	35,667,929	
2037	11,966,628	11,966,628	11,848,476	-	-		-	35,781,732	
2038	11,951,932	11,951,932	12,041,550	-	-		-	35,945,414	
2039	12,020,424	12,020,424	12,016,294	-	-		-	36,057,142	
<b>Total</b>	<b>\$153,384,684</b>	<b>\$153,392,156</b>	<b>\$152,528,057</b>	<b>\$27,831,131</b>				<b>\$492,424,491</b>	

Source: PFM Financial Advisors LLC

- (1) Includes Mandatory Sinking Account Payments on the Series 2009C Bonds. Interest on the Series 2009C Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparties pursuant to one of the Initial Swaps which is 3.736%. Does not include any liquidity costs or remarketing fees which are payable on a subordinated basis to debt service on the Series 2009C Bonds. All or a portion of the principal amount of the Series 2009C Bonds will be redeemed on the date of the issuance of the Series 2023 Bonds and the notional amount of the Initial Swap corresponding to the redeemed principal of Series 2009C Bonds will be terminated.
- (2) Includes Mandatory Sinking Account Payments on the Series 2014A Bonds. Interest on the Series 2014A Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparties pursuant to one of the Initial Swaps, which is 3.736%. Does not include any liquidity costs or remarketing fees which are payable on a subordinated basis to debt service on the Series 2014A Bonds. All of a portion of the principal amount of the Series 2014A Bonds will be redeemed on the date of the issuance of the Series 2023 Bonds and the notional amount of the Initial Swaps corresponding to the redeemed principal of Series 2014A Bonds will be terminated.
- (3) Includes Mandatory Sinking Account Payments on the Series 2015A Bonds. Interest on the Series 2015A Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparty pursuant to one of the Initial Swaps which is 3.666%. Does not include any liquidity costs or remarketing fees which are payable on a subordinated basis to debt service on the Series 2015A Bonds. All of a portion of the principal amount of the Series 2015A Bonds will be redeemed on the date of the issuance of the Series 2023 Bonds and a notional amount of the Initial Swaps corresponding to the redeemed principal of Series 2015A Bonds will be terminated.

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

### Pledge of Revenues

The Series 2023 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 Fund and any Purchase Fund), subject to certain provisions of the Indenture. “Sales Tax Revenues” means all amounts available for distribution to the Authority on and after April 1, 2009 on account of the 2004 Measure A Sales Tax after deducting amounts payable by the Authority to the CDTFA for costs and expenses for its services in connection with the 2004 Measure A Sales Tax collected pursuant to the Act and levied pursuant to the 2004 Ordinance. For a general discussion of the 2004 Measure A Sales Tax, see “THE SALES TAX.” For a discussion of the historical Sales Tax Revenues, see “THE SALES TAX—Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues.”

As security for the payment of all amounts owing on Bonds, Parity Obligations, Subordinate Obligations and Fee and Expense Obligations in the amounts and with the priorities set forth in the Indenture, the Authority has irrevocably pledged to the Trustee the Revenues and other amounts described above, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

As of the date of issuance of the Series 2023 Bonds, the only outstanding obligations secured by the Revenues will be the Series 2022 Bonds and the Series 2023 Bonds, any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and the Initial Swaps and the Existing Liquidity Facilities corresponding to the portion of the principal amount of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, each of which constitutes a Parity Obligation. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS—Initial Swap Agreements” and “—Liquidity Facilities” herein.

**THE SERIES 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST THEREOF, FROM REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2023 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY ARE NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2023 BONDS OR THEIR INTEREST. THE SERIES 2023 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 CERTAIN FUNDS HELD UNDER THE INDENTURE.**

### Revenue Fund; Allocation of Sales Tax Revenues

As long as any Bonds are Outstanding or any Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and all other amounts payable under the Indenture remain unpaid, the Authority shall cause the CDTFA to transmit the Sales Tax Revenues directly to the Trustee. The Trustee will forthwith deposit all Sales Tax Revenues in the Revenue Fund, maintained and held in trust by the Trustee, when and as such Sales Tax Revenues are received by the Trustee. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax

Revenues.” The Sales Tax Revenues will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. Investment income on amounts held by the Trustee (other than amounts held in the Rebate Fund, any Letter of Credit Fund or any Purchase Fund or any Project Fund or for which particular instructions are provided) will also be deposited in the Revenue Fund.

So long as any Bonds remain Outstanding and Parity Obligations, Subordinate Obligations, Fee and Expense Obligations, and all other amounts payable under the Indenture remain unpaid, in each month following receipt and deposit of the Sales Tax Revenues in the Revenue Fund, the Trustee is required to set aside the moneys in the Revenue Fund in the following respective funds, amounts and order of priority (provided that (i) deficiencies in any previously required deposit will be made up prior to the deposit to a fund subsequent in priority, (ii) set asides or transfers required with respect to outstanding Parity Obligations shall be made on a parity basis each month, as provided in the Indenture (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 Parity Obligations) , (iii) payments on Interest Rate Swap Agreements that constitute Parity Obligations (which include the Initial Swaps corresponding with the Prior Bonds that will remain outstanding after the issuance of the Series 2023 Bonds) shall be payable from the Interest Fund and the required deposits described below shall be adjusted to include payments on such Interest Rate Swap Agreements in accordance with the provisions of the Indenture (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 Parity Obligations), and (iv) in the event any of the deposits or transfers requires more than one such deposit or payment and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the amount of such deposits and payments then due) to the extent of available moneys):

1. Interest Fund. The Indenture requires the Trustee to make monthly deposits in the Interest Fund in an amount equal to (a) one-sixth of the aggregate semiannual amount of interest becoming due and payable on Outstanding Current Interest Bonds (except Variable Rate Indebtedness) during the next ensuing six-months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of a Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six-months) until the requisite semiannual amount of interest on all Current Interest Bonds (except Variable Rate Indebtedness) is on deposit, provided that the amounts set aside in such fund with respect to a Series of Bonds from the date of delivery of such Series of Bonds to the first Interest Payment Date for 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 the first Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness calculated, if the actual rate of interest is not known, at the interest rate specified by the Authority, or if the Authority has not specified an interest rate, at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one percent (1%); subject to such adjustments as are provided pursuant to the provisions of the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues.” No deposit is required to be made into the Interest Fund with respect to any Bonds 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 months on all Bonds issued under the Indenture and then Outstanding.

If there are Liquidity Facility Bonds outstanding at the time of any required deposits to the Interest Fund, such deposits shall take into account and include the Liquidity Facility Rate on Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds.

If any of the Prior Bonds remain outstanding after the issuance of the Series 2023 Bonds, Liquidity Facility Bonds will include the portion of Prior Bonds purchased with moneys drawn under the related Existing Liquidity Facility.

2. Principal Fund; Sinking Accounts. The Indenture also requires the Trustee to make monthly deposits in the Principal Fund in an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) 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 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 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 Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid.

In the event that the Sales Tax Revenues shall not be sufficient to make the required deposits so that moneys in the 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 Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis 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, 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 Principal Fund so long as there is in such fund (i) money sufficient to pay the Bond Obligations of all Serial Bonds 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 Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase 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 Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal

payments. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.”

If there are any Liquidity Facility Bonds outstanding at the time of any required deposits to the Principal Fund, such deposits shall take into account and include any amortizations of any Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds. For purposes of the provisions of the Indenture described above relating to the Principal Fund, Liquidity Facility Bonds shall be treated as Serial Bonds with maturity dates on the payment dates of any amortization or redemptions.

If any of the Prior Bonds remain outstanding after the issuance of the Series 2023 Bonds, Liquidity Facility Bonds will include the portion of Prior Bonds purchased with moneys drawn under the related Existing Liquidity Facility.

3. Bond Reserve Funds. The Indenture also requires the Trustee to make deposits to any of the Reserve Funds established pursuant to the provisions of the Indenture as soon as possible in each month in which any deficiency in any Reserve Fund occurs, until the balance in such Reserve Fund is at least equal to the applicable Bond Reserve Requirement. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” **No reserve fund will be established for the Series 2023 Bonds. The Series 2022 Bonds and the Prior Bonds (if any were to remain outstanding after the issuance of the Series 2023 Bonds) are also not secured by any reserve funds.**

4. Subordinate Obligations Fund. The Indenture also requires the Trustee to establish a Subordinate Obligations Fund. After the transfers described in (1), (2) and (3) above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Authority shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

5. Fees and Expenses Fund. The Indenture also requires the Trustee to establish a Fees and Expenses Fund. After the transfers described in (1), (2), (3) and (4) above have been made, the Trustee will deposit in each month in the Fees and Expenses Fund amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Authority.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues” for a more complete discussion.

After making the foregoing allocations, all Sales Tax Revenues will be transferred to the Authority and may be applied by the Authority for all lawful purposes of the Authority.

### **No Bond Reserve Fund**

**No Bond Reserve Fund will be established for the Series 2023 Bonds.** The Authority may establish other bond reserve funds relating to a particular Series of Bonds that would only be available to secure that particular Series of Bonds as well as other Series of Bonds as determined by the Authority.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of Funds and Accounts – Funding and Application of the Reserve Funds” and “– Funding of the Reserve Fund.”



## **Additional Bonds and Parity Obligations**

As of the date of issuance of the Series 2023 Bonds, the only outstanding obligations secured by the Revenues will be the the Series 2022 Bonds and the Series 2023 Bonds, any of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and the Initial Swaps and the Initial Liquidity Facilities corresponding to the principal amount of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds. The Authority may issue additional Bonds and may issue or incur other obligations secured in whole or in part by a pledge of the Revenues and payable on a parity with the Bonds, the regularly scheduled payments on the Initial Swaps relating to the portion, if any, of the principal amount of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds and any other Interest Rate Swap Agreements, subject to compliance with the terms and provisions set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds and Other Obligations.”

***Issuance of Additional Series of Bonds.*** The Authority may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2023 Bonds, but only upon compliance by the Authority with certain provisions of the Indenture. Some applicable provisions of the Indenture are described below:

(a) No Event of Default shall have occurred and then be continuing or the issuance of such Series of Bonds will cure any such Event of Default.

(b) If the Bonds of such Series are Participating Bonds, the Indenture requires that the balance on deposit in the Bond Reserve Fund be increased to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by the Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds. Said deposit may be made from the proceeds of the sale of Bonds of such Series or from other funds of the Authority or from both such sources or in the form of a Reserve Facility as described under APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions” and “Establishment and Application of Funds and Accounts – Funding and Application of Bond Reserve Funds.” None of the Series 2009C Bonds, the Series 2014A Bonds, the Series 2015A Bonds, the Series 2022 Bonds or the Series 2023 Bonds are Participating Bonds.

(c) The Authority shall have delivered to the Trustee a Certificate of the Authority, certifying that the lesser of (i) the amounts of Sales Tax Revenues for a period of 12 consecutive months (selected by the Authority) during the 18 months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 2.0 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued.

Nothing in the Indenture will prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of 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 Bonds or any portion thereof.

***Issuance of Refunding Bonds.*** Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture summarized above under paragraph (c) of the

caption “Issuance of Additional Series of Bonds;” provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds.

***Parity Obligations.*** As defined in the Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money, any obligation to pay the Rebate Requirement, the Initial Swaps corresponding to the portion, if any of the principal amount of the Prior Bonds that will remain outstanding after the issuance of the Series 2023 Bonds, and any other 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 on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations) entered into in connection with a Series of Bonds, in each case incurred in accordance with the provisions of the Indenture described herein and secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a parity with the Bonds (whether or not any Bonds are Outstanding). The Authority may issue or incur additional Parity Obligations provided that the conditions to the issuance of such Parity Obligations set forth in the Indenture are satisfied, including satisfaction of the coverage test described in subsection (c) above under the caption “Issuance of Additional Series of Bonds,” unless such Parity Obligations are being issued for refunding purposes, in which case the Authority may comply with the provisions of the Indenture described under the caption “Issuance of Refunding Bonds;” provided, however that if the Parity Obligation being issued or incurred consists of an Interest Rate Swap Agreement (excluding fees and expenses and termination payments on such Interest Rate Swap Agreement), the Authority is deemed to have complied with the requirements of the Indenture, as evidenced by a certificate of the Authority delivered to the Trustee, which certificate sets forth the computations upon which such certificate is based, to the extent that the Series of Bonds to which the Interest Rate Swap Agreement relates (x) satisfies the coverage test described in subsection (c) above under the caption “Issuance of Additional Series of Bonds” after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into concurrently with, or subsequent to, the issuance of such Bonds), or (y) is expected to satisfy the coverage test described in subsection (c) above under the caption “Issuance of Additional Series of Bonds” after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into in advance of the issuance of such Bonds).

### **Initial Swap Agreements**

On October 12, 2006, the Governing Board of the Authority adopted policies concerning interest rate exchange agreements (the “Swap Policy”). A copy of the Swap Policy is available upon request from the Authority. On October 18, 2006, the Authority entered into three interest rate swap agreements (each, an “Interest Rate Swap Agreement,” and hereinafter collectively referred to as the “Initial Swaps”) with Bank of America, N.A., Goldman Sachs Capital Markets, L.P. and Bear Stearns Financial Products Inc. (each, a “Counterparty,” and hereinafter collectively referred to as the “Counterparties”), respectively. On April 14, 2009, the Interest Rate Swap Agreement with Bear Stearns Financial Products Inc. was assigned to JPMorgan Chase Bank, National Association.

Each Interest Rate Swap Agreement has a notional amount of \$106,100,000, for a total combined notional amount of \$318,300,000, which will amortize in tandem with the amortization of the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds. Under the terms of each of the Initial Swaps, the Authority has agreed to pay to each of the counterparties, with an effective date of

October 1, 2009, a fixed interest rate and each of the counterparties has agreed to pay to the Authority a floating rate of interest, based on amortizing notional amounts tied to a formula based on 67% of one-month USD-LIBOR-BBA with respect to two of the Initial Swaps and 67% of three-month USD-LIBOR-BBA with respect to one of the Initial Swaps. Each Interest Rate Swap Agreement terminates on October 1, 2038. Notional amortization under the Initial Swaps matches the sinking fund redemption schedule for the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds. Under certain circumstances, the Counterparties are required to post eligible collateral to secure their obligations to the Authority; there is no requirement on the part of the Authority to post collateral.

On October 23, 2020, the International Swaps and Derivatives Association, Inc. published a multilateral “protocol” through which existing legacy swap contracts may be amended to incorporate provisions addressing the trigger events leading to replacement of LIBOR, as well as the replacement of LIBOR with a rate based on adjusted SOFR. This protocol became effective on January 25, 2021 and is referred to as the “ISDA 2020 IBOR Fallbacks Protocol.”

The Authority and the counterparties to the Initial Swaps have adhered to the ISDA IBOR 2020 Fallbacks Protocol for the Initial Swaps. Under the terms of each of the Initial Swaps as revised pursuant to the ISDA IBOR 2020 Fallbacks Protocol effective upon the occurrence of a trigger event relating to the discontinuance of LIBOR (expected on June 30, 2023), one-month USD-LIBOR-BBA will be converted to the Secured Overnight Financing Rate (“SOFR”) compounded in arrears for each one-month calculation period plus a credit spread of 11.448 basis points and three-month USD-LIBOR-BBA will be converted to SOFR compounded in arrears for each three-month calculation period plus a credit spread of 26.161 basis points. See “RISK FACTORS—Factors Relating to the Initial Swaps.”

In connection with the issuance of the Series 2023 Bonds and the redemption of the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds, the Authority expects to terminate each Initial Swap corresponding to the series of Prior Bonds that is redeemed in whole. To the extent that a particular series of Prior Bonds is redeemed only in part, such related Initial Swap will be amended to reflect a notional amount corresponding to with the outstanding principal amount of such series of Prior Bonds. To the extent not terminated upon the issuance of the Series 2023 Bonds, regularly scheduled payments by the Authority to the Counterparties under the Initial Swaps constitute a Parity Obligation under the Indenture and are secured by the pledge of Sales Tax Revenues and payable on a parity basis with the Series 2023 Bonds

Under certain circumstances, the Initial Swaps may be terminated, at which time the Authority may be required to make a termination payment to the applicable Counterparty, which may be substantial. As of May 31, 2023, the mark-to-market valuation of the Initial Swaps was approximately \$37,5912,685 million (the cost to the Authority to terminate the Initial Swaps). As described above, the Authority expects to terminate the Initial Swap corresponding with the related series of Prior Bonds that will be redeemed and use a portion of the proceeds of the Series 2023 Bonds to pay the associated termination fee.

Termination payments payable pursuant to the Initial Swaps constitute Fee and Expense Obligations under the Indenture and are secured by the pledge of Sales Tax Revenues and payable on a basis subordinate to the Series 2023 Bonds, the the Series 2022 Bonds, the portion of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, the Parity Obligations and the Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS.”

## Liquidity Facilities

The Series 2009C Bonds are variable rate bonds that are supported by the 2009C Liquidity Facility. The 2009C Liquidity Facility expires on November 20, 2027. The Series 2014A Bonds are variable rate bonds that are supported the 2014A Liquidity Facility. The 2014A Liquidity Facility expires on October 30, 2024. The Series 2015A Bonds are variable rate bonds that are supported by the 2015A Liquidity Facility. The 2015A Liquidity Facility expires on May 11, 2028. None of the 2009C Liquidity Facility, the 2014A Liquidity Facility or the 2015A Liquidity Facility provides support, funds or secures the Series 2023 Bonds. The 2009C Liquidity Facility, the 20144A Liquidity Facility and the 2015A Liquidity Facility are referred to collectively herein at times as the “Existing Liquidity Facilities” and each individually an "Existing Liquidity Facility." To the extent that any series of the Prior Bonds associated with an Existing Liquidity Facility is redeemed in whole, such related Existing Liquidity Facility will be terminated as of the date of redemption of such series. To the extent that a particular series of the Prior Bonds is redeemed only in part, such related Existing Liquidity Facility will not be terminated and the Authority expects that such Existing Liquidity Facility will be amended to reflect a commitment amount corresponding with the outstanding principal amount of such series of Prior Bones.

The payment of principal and interest on the portion, if any, of the principal amount of the Prior Bonds that will remain after issuance of the Series 2023 Bonds (including any such bonds owned by the respective liquidity provider) are secured as Parity Obligations under the Indenture. The payment of fees and expenses and other charges under the Existing Liquidity Facilities are secured as Fee and Expense Obligations under the Indenture.

If any of the Existing Liquidity Facilities expire and the Authority is unable to secure a replacement liquidity facility, the Series of Prior Bonds relating to such expired Existing Liquidity Facility will be subject to mandatory tender for purchase by the holders thereof upon such expiration and such Existing Liquidity Facility will be accessed to pay the purchase price of such tendered bonds if not earlier terminated.

Under each Existing Liquidity Facility, the Authority is required to reimburse the liquidity provider for any amounts paid by the liquidity provider under the applicable Existing Liquidity Facility on the same day the amount is paid. Amounts owed to the liquidity provider bear interest at a specified rate. The Authority is also required to pay certain fees to the liquidity provider in addition to the liquidity provider’s costs, expenses and certain taxes.

In the event that an Existing Liquidity Facility is used to purchase the related series of Prior Bonds which are supported by such Existing Liquidity Facility and tendered for purchase by the holders thereof, each Existing Liquidity Facility provides that the liquidity provider becomes the holder of such bonds (which are “Liquidity Provider Bonds” under the Indenture), and, subject to the satisfaction of certain conditions, the Authority is required to repay such Liquidity Provider Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Liquidity Provider Bonds will be immediately due and payable.)

Each Existing Liquidity Facility contains a number of covenants and agreements on the part of the Authority, and specifies events of default (which may include failure of the Authority to maintain credit ratings at specified levels), and remedies. Remedies of the liquidity provider generally include the right to cause a mandatory tender of the series of Prior Bonds supported by the applicable Existing Liquidity Facility.

If an Existing Liquidity Facility expires and the Authority is unable to secure a replacement liquidity facility, the series of Prior Bonds supported by the expiring Existing Liquidity Facility will be

subject to mandatory tender for purchase by the holders thereof upon such expiration, and the Existing Liquidity Facility will be accessed to pay the purchase price of such tendered bonds if not earlier terminated.

Redacted copies of the 2009C Liquidity Facility, the 2014A Liquidity Facility and the 2015A Liquidity Facility can be found on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

**Subordinate Obligations**

Except to the extent restricted by the Indenture, the Authority may issue or incur obligations (“Subordinate Obligations”) payable out of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal and interest requirements for the Series 2022 Bonds and the Series 2023 Bonds, any portion of the Prior Bonds that remain outstanding after the issuance of the Series 2023 Bonds, and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable. Any termination payments under the Authority’s Initial Swaps and fees and expenses due under the Initial Liquidity Facilities are payable on a basis subordinate to the Subordinate Obligations.

**PLAN OF REFUNDING**

The Authority plans to use a portion of the proceeds from the sale of the Series 2023 Bonds to redeem all or a portion of the Prior Bonds on the date of delivery of the Series 2023 Bonds, and pay the termination amount payable by the Authority under any Initial Swap that is terminated in connection with the redemption of all or a portion of the Prior Bonds. The principal amount of the Prior Bonds to be redeemed is subject to market conditions at the time and the achievement of certain financial and policy goals established by the Authority’s Governing Board of Directors.

**ESTIMATED SOURCES AND USES OF FUNDS**

The following are the estimated sources and uses of funds with respect to the Series 2023 Bonds and the plan of refunding:

**SOURCES:**

Principal Amount of Series 2023 Bonds	\$
Original Issue Premium relating to Series 2023 Bonds	\$
Debt service funds related to the Prior Bonds	\$
<b>TOTAL SOURCES</b>	<b>\$</b>

**USES:**

Redemption Fund	\$
Costs of Issuance <sup>(1)</sup>	\$
Swap Termination Payments	\$
<b>TOTAL USES</b>	<b>\$</b>

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<sup>(1)</sup> Costs of issuance include rating agencies, legal and financial advisory fees, printing costs, Underwriters’ discount; fees of the Trustee and other miscellaneous expenses.

## SACRAMENTO TRANSPORTATION AUTHORITY

### General

The Authority was created in 1988 as a local transportation authority pursuant to the Act. The Authority is primarily responsible for administering the Sacramento County Transportation Expenditure Plan 2009-2039 (the “2004 Expenditure Plan”). See “SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN” below. The Authority also administers the Sacramento Metropolitan Freeway Service Patrol program in cooperation with the California Department of Transportation and the California Highway Patrol. This program’s primary objective is to reduce traffic congestion caused by roadway incidents. The Authority Governing Board and staff also serve as the Governing Board and staff of the Sacramento Abandoned Vehicle Service Authority (SAVSA) which provides funding to participating local jurisdictions for the abatement of abandoned vehicles and vehicle parts on streets and private property. The SAVSA program sunset in April 2022. Currently, the Authority is pursuing options to reinstate the program.

By resolution of the Board of Supervisors of the County, adopted pursuant to the Act, the Governing Board of the Authority is determined in the following manner: five members are appointed by the Board of Supervisors of the County; five members are appointed by the City Council of the City of Sacramento; two members are appointed by the City of Elk Grove; one member is appointed collectively by the City Councils of the Cities of Galt and Isleton; and one member is appointed by each of the City Councils of the Cities of Citrus Heights, Folsom and Rancho Cordova. In addition, the city council of an existing or future city within the County that attains an incorporated population of 50,000 is entitled to appoint one member to the Governing Body of the Authority. A city may also appoint an additional member to the Governing Body of the Authority (up to a maximum of five members) for every 100,000 increment in its incorporated population above the threshold population of 50,000.

Pursuant to the Act, members of the Governing Board of the Authority serve staggered terms of not more than four years. The Act requires a two-thirds vote of the Governing Board of the Authority in order to issue any limited tax bonds including any Additional Bonds.

### Administrative Staff

Key members of the Authority’s administrative staff include the following:

KEVIN BEWSEY – Executive Director since June 2022. Mr. Bewsey manages the day-to-day operations of the Sacramento Transportation Authority under the direction of a sixteen-member Governing Board of elected officials. Prior to joining the Authority, he worked for the County of Sacramento and City of Elk Grove for six years where he also served on the Authority’s professional advisory group. His previous experience also includes working for a national consulting firm on transportation programs and projects for 10 years. Mr. Bewsey received his B.S. in Mechanical Engineering from California State University, Sacramento and is a registered professional engineer in California.

DUSTIN PURINTON – Accounting Manager since September 2022. Mr. Purinton manages all of the Authority’s financial reporting and day-to-day accounting functions. Prior to joining the Authority, he worked for 5 years as a senior accountant auditor for the City of Sacramento, with the previous 10 years working in accounting and audit firms. Mr. Purinton received his B.S. in Business Administration - Accounting from California State Polytechnic University, Pomona and is an active Certified Public Accountant.

JENNIFER DOLL – Administrative Services Officer since June 2016. Ms. Doll manages the Sacramento Metropolitan Freeway Service Patrol program and the Sacramento Abandoned Vehicle Abatement Program and provides general administrative support. Ms. Doll was elected and served as Chair of the Statewide Motorist Aid Committee from October 2017-October 2018. Prior to her current appointment, Ms. Doll served the Authority since 2013 as Executive Assistant. Ms. Doll holds a B.A. degree from California State University, Sacramento.

WILLIAM BURKE – General Counsel for the Authority since March 1, 2009 and Deputy County Counsel for the County of Sacramento since October 2005. Prior to joining County Counsel, Mr. Burke worked for Remy, Thomas, Moose & Manley, LLP, an environmental law firm located in Sacramento. Mr. Burke graduated from the University of California, Davis, School of Law in 2000 and holds a B.A. in political science from the University of California, San Diego.

## **THE SALES TAX**

### **Authorization, Application and Collection of the 2004 Measure A Sales Tax**

In November of 2004, more than 75% of the voters in the County voting on such ballot measure approved Measure A (“2004 Measure A”), implementing a 30-year half-cent sales tax that became effective on April 1, 2009 and which expires on March 31, 2039. The 2004 Measure A Sales Tax is a special retail transactions and use tax of one half of one percent (0.5%) of the gross receipts of retailers from the sale of all tangible personal property sold at retail in the County and a use tax at the same rate 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 exceptions. The 2004 Measure A Sales Tax is authorized under the Authority’s Ordinance No. STA 04-01 (the “2004 Ordinance”). As part of the 2004 Ordinance, the Authority also adopted a new Sacramento County Transportation Expenditure Plan 2009-2039 (the “2004 Transportation Expenditure Plan”) which governs the expenditure of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee (as defined below). See “SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN” below.

Collection of the 2004 Measure A Sales Tax is administered by the California Department of Tax and Fee Administration (“CDTFA”) which imposes a charge for administration. The Authority has authorized the CDTFA to make payment of Sales Tax Revenues directly to the Trustee after deducting the costs of administering the 2004 Measure A Sales Tax. The Taxpayer Transparency and Fairness Act of 2017 restructured the Board of Equalization, which previously administered the collection of the 2004 Measure A Sales Tax, into three separate entities: the Board of Equalization, the CDTFA and the Office of Tax Appeals. Since July 1, 2017, collection of the 2004 Measure A Sales Tax has been administered by the CDTFA pursuant to an agreement with the Authority. Upon receipt of the Sales Tax Revenues, the Trustee will retain the Sales Tax Revenues. Once the Trustee applies the Sales Tax Revenues to meet the payment requirements required by the Indenture, the balance of the Sales Tax Revenues will then be forwarded to the Authority to be applied by the Authority for all lawful Authority purposes.

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**Sacramento Transportation Authority  
Historical 1988 Measure A and 2004 Measure A Sales Tax Revenues  
Fiscal Years Ended June 30, 2022**

Fiscal Year Ended June 30	1988 Measure A and 2004 Measure A Sales Tax Revenues <sup>(1)</sup>	Percent Increase (Decrease)
1990	\$ 55,324,666	-
1991	51,583,341	(6.76)%
1992	50,691,901	(1.73)
1993	54,645,978	7.80
1994	51,883,457	(5.05)
1995	56,072,450	8.07
1996	59,086,587	5.37
1997	60,427,602	2.27
1998	65,056,187	7.66
1999	69,163,509	6.31
2000	77,964,580	12.72
2001	87,928,731	12.78
2002	84,500,999	(3.90)
2003	89,974,536	6.48
2004	97,159,755	7.99
2005	102,385,507	5.38
2006	109,688,836	7.13
2007	105,366,507	(3.94)
2008	101,155,680	(4.00)
2009	89,395,168	(11.63)
2010	81,413,982	(8.93)
2011	87,299,421	7.23
2012	92,239,996	5.66
2013	97,390,177	5.58
2014	100,063,237	2.74
2015	105,564,247	5.50
2016	110,707,633	4.87
2017	116,877,996	5.57
2018	119,187,748	1.98
2019	131,757,081	10.55
2020	131,591,164	(0.13)
2021	153,560,355	16.70
2022	172,916,487	12.60
2023 (2)	176,143,000	1.87

Source: Audited financial statements

- (1) 1988 Measure A Sales Tax Revenues expired on March 31, 2009. Totals for Fiscal Year 2008-09 include both 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues.
- (2) 2022 Measure A Sales Tax Revenues for Fiscal Year 2022-23 are based on actual receipts through February, 2023, as well as projections for the remainder of the Fiscal Year provided by the Authority's sales tax revenue consultants, Avenu Insights, in March 2023.



For a summary of historical taxable retail sales within the County see the table under the section “Commercial Activity” in APPENDIX B of this Official Statement.

Historically, the 2004 Measure A Sales Tax Revenues for a quarterly period were paid to the Authority over a four month period, with advances approximating tax receipts for a particular month being made two months later and a clean-up payment being made for the quarter in the third month of the subsequent quarter. For example, the 2004 Measure A Sales Tax Revenues representing sales activity generally occurring in the April, May and June 2017 quarter were paid to the Authority in four payments occurring in June (representing the advance for April), July (representing the advance for May), and August (representing the advance for June with a true-up payment for the fourth quarter occurring in September 2017). In May 2018, CDTFA implemented a new Centralized Revenue Opportunity System (“CROS”) which changed the allocation schedule and resulted in tax distributions to local governments being accelerated. Under CROS, the 2004 Measure A Sales Tax Revenues for a quarterly period are paid to the Authority [is there a reason Authority is italicized?]over a three month period, with advances approximating tax receipts for a particular month being made two months later and a clean-up payment being made for the quarter in the second month of the subsequent quarter.

The following table shows the amount of Sales Tax Revenues collected on a quarterly basis for Fiscal Years 2020-2021, 2021-2022 and 2022-2023 and the percentage increase or decrease from the previous fiscal year quarter and the same quarter from the prior fiscal year.

**Sacramento Transportation Authority  
Quarterly Historical 2004 Measure A Sales Tax Revenues  
Fiscal Years Ended June 30, 2021, June 30, 2022 and June 30, 2023**

	1 <sup>st</sup> Quarter (July 1 – September 30)	2 <sup>nd</sup> Quarter (October 1 – December 31)	3 <sup>rd</sup> Quarter (January 1 – March 31)	4 <sup>th</sup> Quarter (April 1 – June 30)	TOTAL
2021	\$37,053,942	\$37,120,972	\$35,474,033	\$43,911,408	\$153,560,355
2022	\$42,046,511	\$44,252,577	\$41,101,465	\$45,515,934	\$172,916,487
2023	\$44,194,060	\$45,110,827	\$40,384,978*	\$46,453,135*	\$176,143,000*
% FY 2020-21 Change from previous quarter same Fiscal Year	8.68%	1.53%	32.28%	28.71%	
% FY 2021-22 Change from same quarter prior Fiscal Year	13.47%	19.21%	15.86%	3.65%	
% FY 2022-23 change from same quarter prior Fiscal Year*	5.11%	1.94%	-1.74%	2.06%	

Source: The Authority.

\*FY 2022-23 based on actual receipts through February, 2023, as well as projections for the remainder of the Fiscal Year provided by the Authority’s sales tax revenue consultants, Avenu Insights, in March 2023 .

Assuming audited 2004 Measure A Sales Tax Revenues of \$174,000,000 for the Fiscal Year ended June 30, 2023 (based on actual receipts for the first two quarters and estimated for the third and fourth quarter) will remain constant for the life of the Series 2023 Bonds and using the Debt Service Schedule set forth above under “DEBT SERVICE SCHEDULE,” 2004 Measure A Sales Tax Revenues will be \_\_\_\_\_ times annual debt service on the portion of the Prior Bonds remaining after issuance of the Series 2023 Bonds, the Series 2022 Bonds and the Series 2023 Bonds.

Neither the Authority’s independent auditors, nor any other independent accountants or any other persons, have compiled, examined or performed any procedures with respect to the unaudited financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the unaudited financial information.

## **SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN**

### **General**

With the adoption of 2004 Measure A and the 2004 Measure A Sales Tax, County voters also approved the Sacramento Countywide Transportation Mitigation Fee Program which authorized the imposition of a mitigation fee on certain new commercial and residential development in Sacramento County (the “2004 Measure A Impact Fee”) to assist in funding road and transit system improvements needed to accommodate projected growth and development. Pursuant to the 2004 Ordinance, the Authority developed, in coordination with all local government jurisdictions, a process to identify the appropriate impact fees to be charged and each local government jurisdiction adopted and implemented the resulting fee program within its jurisdiction effective April 1, 2009.

**No 2004 Measure A Impact Fees are pledged under the Indenture. The Series 2023 Bonds are not secured by the 2004 Measure A Impact Fees.**

Application of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee is governed by the 2004 Ordinance. As part of the 2004 Ordinance, the Governing Board adopted and County voters approved the Sacramento County Transportation Expenditure Plan 2009-2039 (the “2004 Expenditure Plan”). In July 2009, the Governing Board updated the revenue projections from the 2004 Measure A Sales Tax used in the 2004 Expenditure Plan.

Under the 2004 Expenditure Plan, 2004 Measure A Sales Taxes and 2004 Measure A Impact Fees are allocated among certain transportation, public transit and environmental mitigation programs. These allocations are made after required deposits of Sales Tax Revenues are made to funds held under the Indenture for payments of the Bonds and other obligations secured by Sales Tax Revenues, as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Revenue Fund; Allocation of Sales Tax Revenues” above. A brief description of the allocations and each program is set forth below.

After deduction of all required CDTFA fees and authorized costs, revenues received from 2004 Measure A Sales Taxes (after deposits to the Revenue Fund as described under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS—Revenue Fund; Allocation of Sales Tax Revenues”) and 2004 Measure A Impact Fees are to be distributed by formula allocation to local government and transit agencies as described in the 2004 Expenditure Plan. Any remaining funds received are maintained and expended by the Authority at the discretion of the Governing Board.

Allocation of the 2004 Measure A Sales Taxes (after such deposits to the Revenue Fund) and 2004 Measure A Impact Fees is as described below.

*Local Road Maintenance, Safety and Congestion Relief Program.* 38% of the 2004 Measure A Sales Tax revenue and 35% of the 2004 Measure A Impact Fee revenue is allocated to the Authority's Local Road Maintenance, Safety and Congestion Relief Program. These revenues are further allocated as follows:

30% of 2004 Measure A Sales Tax revenue is to be distributed among local jurisdictions for city street and county road maintenance. Distribution among the cities and unincorporated County area is to be based 75% on relative population and 25% on total street and road mileage. The formula will be updated annually based upon California Department of Finance estimates of population for cities and counties. Under the 2004 Expenditure Plan, evidence of maintenance of effort is required. Each local jurisdiction receiving funds is required to file with the Authority a pavement and bridge maintenance system report on a biennial basis regarding progress in maintaining local streets and roads. The report is to be in a form which can be audited on a biennial basis by the Independent Taxpayer Oversight Committee ("ITOC") established under the 2004 Expenditure Plan. See – "*Independent Taxpayer Oversight Committee*" below. As of March 2023, it was estimated that over the life of the 2004 Expenditure Plan 30% of the 2004 Measure A Sales Tax revenue would be approximately \$1,289,772,224 (2023 dollars).

The remaining 8% of the 2004 Measure A Sales Tax revenue and the entire 35% of the 2004 Measure A Impact Fee revenue is allocated to the local arterial safety and traffic operations improvements. The 8% portion of the Sales Tax Revenues is further divided. 5% is to be expended under the local arterial program by the Authority and 3% of Sales Tax Revenues is allocated to fund the traffic control and safety program distributed among the cities and the unincorporated area of the County. As of March 2023, it was estimated that over the life of the 2004 Expenditure Plan, 35% of the 2004 Measure A Impact Fees would generate approximately \$64,167,634 (2023 dollars) and 8% of the Sales Tax Revenues would be approximately \$343,939,260 (2023 dollars).

*Transit Congestion Relief Program.* 38.25% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund transit capital improvements and provide funding for operating and maintaining those improvements. These funds are to be directly subvented to Sacramento Regional Transit District based on a five-year transit capital and operating business plan to be updated annually as recommended by the Sacramento Regional Transit District and approved by the Governing Board. It was estimated as of March 2023 that over the life of the 2004 Expenditure Plan, approximately \$1,644,459,585 (2023 dollars) would be available from 2004 Measure A Sales Tax revenue and approximately \$36,667,220 (2023 dollars) from 2004 Measure A Impact Fees.

*Freeway Safety and Congestion Relief Program.* 12% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund congestion relief projects on the freeway system in the County. The program is separated into two general categories: regional bus and carpool lane connections and extensions and local freeway interchange congestion relief upgrades. As of March 2023, it was estimated that over the life of the 2004 Expenditure Program, approximately \$515,908,889 (2023 dollars) in 2004 Measure A Sales Tax revenue and approximately \$36,667,220 (2023 dollars) in 2004 Measure A Impact Fees would be available to fund this program.

*Other Programs.* The remaining portions of the 2004 Measure A Sales Tax and 2004 Measure A Impact Fee revenues are to be allocated to a variety of other transportation and transit-related programs such as senior and disabled transportation services, safety, streetscaping, pedestrian and bicycle facilities, the transportation-related air-quality program, the smart growth incentive program, environmental

mitigation and for general program administration and costs of the Independent Taxpayer Oversight Committee.

*Independent Taxpayer Oversight Committee.* Adoption of 2004 Measure A resulted in the creation of an Independent Taxpayer Oversight Committee (“ITOC”). Pursuant to the 2004 Expenditure Plan, the Authority and each agency receiving an allocation of 2004 Measure A Sales Tax revenue is required to undergo an annual audit supervised by the ITOC performed in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller of the United States. Compliance audits are also required to ensure that each agency is expending the funds in accordance with 2004 Measure A guidelines.

### **Future Financing Plans**

The 2004 Expenditure Plan has been funded through a combination of pay-as-you-go and bond financing. The principal amount of additional Bonds or other financing instruments that may be issued by the Authority and the timing of any such issuance or issuances will be determined by the Authority based on a variety of factors including the costs and timing of design and construction of the transportation projects to be financed and the resources then available. The 2004 Ordinance requires that the amount of debt in any given year be limited to the principal, interest, and other charges that can be paid with 20.75% of the net proceeds for the 2004 Measure A Sales Tax. The issuance of additional Bonds is subject to the requirements of the Indenture. The Authority has no current plans to issue additional Bonds in the near future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Additional Bonds and Parity Obligations.”

## **RISK FACTORS**

### **COVID-19 Pandemic**

The late 2019 outbreak of the new highly transmissible strain of coronavirus and the disease it causes (known as COVID-19), had spread across the globe. At that time, the World Health Organization (the “WHO”) declared the outbreak of COVID-19 to be a pandemic, and states of emergency were declared in the United States (the “U.S.”), the State of California, and numerous counties throughout the State, including Sacramento County.

The COVID-19 pandemic and the governmental actions to respond to and control the outbreak at the time materially altered the behavior of people and disrupted business activity, resulting in a significant contraction of the national, state and local economies. Employment data released since the imposition of governmental restrictions on activities showed a dramatic increase in unemployment rates; currently, unemployment rates have returned to pre-pandemic levels. In addition, domestic and international stock markets experienced declines in market value followed the onset of the outbreak. Rebounds in the global financial markets have since occurred.

The Governor of California lifted most statewide COVID-19 restrictions on June 15, 2021. On May 5, 2023, the WHO Director General announced that COVID-19 is no longer a public health emergency of international concern. The United States Department of Health and Human Services lifted the federal health emergency relating to COVID-19 on May 11, 2023. Restrictions, however, may be re-imposed in various jurisdictions from time to time as local conditions warrant.

The Authority cannot predict (i) the duration or extent of the COVID-19 outbreak; (ii) the effectiveness of and ability to reach wide spread distribution of vaccines and the period of time therefor (iii) whether and to what extent COVID-19 may have on the operations of the Authority and the revenues

of the Authority; (iv) whether and to what extent COVID-19 may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact construction, the cost, sources of funds, schedule or implementation of the Authority's capital improvement program, or other Authority operations; (v) the ramifications of future actions that may be taken or required by governmental authorities to respond to the effects of the pandemic, including additional stimulus efforts by the federal government; (vi) the pace at which the economy can re-open; (vii) the speed of the ensuing economic recovery; or (viii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Authority.

### **Economy of the County and the State Following Economic Downturns**

The Series 2023 Bonds are secured by a pledge of Sales Tax Revenues, which consist of the 2004 Measure A 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. As a result, any substantial deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the amount of Sales Tax Revenues and therefore upon the ability of the Authority to pay principal of and interest on the Series 2023 Bonds. For certain information relating to economic conditions within the County see APPENDIX B - "INFORMATION REGARDING THE COUNTY OF SACRAMENTO" which is the most current information available from the sources cited therein; however, the information in APPENDIX B has not been updated to reflect the most recent economic conditions which may exist in the County.

### **The Sales Tax**

With limited exceptions, the 2004 Measure A Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the 2004 Measure A 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 "Proposition 218" below. For a further description of the 2004 Measure A Sales Tax, see "THE SALES TAX."

### **State and Local Sales Tax**

The 2004 Measure A Sales Tax is in addition to the 7.25% sales and use tax levied statewide by the State of California. Combined with the 2004 Measure A Sales Tax, this State sales tax results in transactions in the County being taxed at an effective rate of 7.75%. There could be additional increases in the State sales tax as well as new local sales taxes which could have an adverse effect on consumption resulting in a reduction in the 2004 Measure A Sales Tax.

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 California 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 California for use within the State, subject to certain exceptions.

## **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. The 2004 Measure A Sales Tax 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 2004 Measure A Sales Tax in a manner which would prevent the payment of debt service on the Series 2023 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. The interpretation and application of Proposition 218 to the 2004 Measure A Sales Tax has not been the subject of any court decision.

## **Further Initiatives**

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, which may affect the Authority’s ability to levy and collect the 2004 Measure A Sales Tax.

## **No Acceleration Provision for the Series 2023 Bonds**

The Indenture does not contain a provision allowing for the acceleration of the Series 2023 Bonds in the event of a default in the payment of principal and interest on the Series 2023 Bonds when due. In the event of a default by the Authority, the Trustee on behalf of the Holders of the Series 2023 Bonds, will have the right to exercise remedies other than acceleration, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default and Remedies.”

## **Renewal of Liquidity Facilities**

In connection with the portion of the Prior Bonds remaining after issuance of the Series 2023 Bonds, the Authority has entered into liquidity facility arrangements which expire prior to the maturity date of said Prior Bonds.

If the 2009C Liquidity Facility expires, and the Authority is unable to secure a replacement liquidity facility, the Series 2009C Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2009C Liquidity Facility will be accessed to pay the purchase price of such tendered bonds. In such circumstances, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2009C Bank Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2009C Bonds will be immediately due and payable.)

If the 2014 Liquidity Facility expires, and the Authority is unable to secure a replacement liquidity facility, the Series 2014A Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2014 Liquidity Facility will be accessed to pay the purchase price of such tendered bonds. In such circumstances, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2014 Bank Bonds over a five year period, at an increased

interest rate. (If the conditions are not satisfied in such circumstances, the Series 2014A Bonds will be immediately due and payable.)

If the 2015 Liquidity Facility expires, and the Authority is unable to secure a replacement liquidity facility, the Series 2015A Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2015 Liquidity Facility will be accessed to pay the purchase price of such tendered bonds. In such circumstances, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2015 Bank Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2015A Bonds will be immediately due and payable.)

### **Certain Risks Related to the Initial Swaps**

As described above, the counterparties under the Initial Swaps pay the Authority a floating rate of interest based on one-month or three-month USD-LIBOR-BBA. In 2017, the U.K. Financial Conduct Authority (the “FCA”), the body that supervises LIBOR, announced that it will no longer compel panel banks to submit quotations on which LIBOR is based after December 31, 2021. Subsequently, in March 2021, the FCA announced that the most liquid U.S. dollar LIBOR tenors would cease being published after June 30, 2023. This date is prior to the stated termination dates of the Initial Swaps, and U.S. dollar LIBOR may cease to be “representative” even before that date and result in a transition to an alternative rate, as discussed below.

Both the Authority and its Counterparties have adhered to the ISDA 2020 IBOR Fallbacks Protocol with respect to the Initial Swaps. Under the terms of each of the Initial Swaps as revised pursuant to the ISDA IBOR 2020 Fallbacks Protocol effective upon the occurrence of a trigger event relating to the discontinuance of LIBOR (expected on June 30, 2023), one-month USD-LIBOR-BBA will be converted to SOFR compounded in arrears for each one-month calculation period plus a credit spread of 11.448 basis points, and three-month USD-LIBOR-BBA will be converted to SOFR compounded in arrears for each three-month calculation period plus a credit spread of 26.161 basis points. If the Initial Swaps are not terminated in full concurrently with the issuance of the Series 2023 Bonds, adjusted SOFR may differ, perhaps significantly, from LIBOR and may differ, perhaps significantly, from the interest rate to be paid by the Authority on the debt financing relating to such Initial Swap.

### **Loss of Tax Exemption**

As discussed under “TAX MATTERS,” interest on the Series 2023 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2023 Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the Series 2023 Bonds. Should interest become includable in federal gross income, the Series 2023 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

### **Factors Relating to Swaps**

In connection with the portion of the principal amount of the Prior Bonds remaining after issuance of the Series 2023 bonds, the Authority has entered into the Initial Swaps and has reserved the right to enter into other interest rate swaps or hedge agreements prior to the maturity date of the Series 2023 Bonds that are secured by Sales Tax Revenues on a parity with the Bonds (except for fees, expenses and termination payments thereunder). Any interest rate swap or other hedge agreement, including the Initial Swaps, to which the Authority is a party may, at any time, have a negative value to the Authority. There are various events that give rights to the Authority and the Counterparties to terminate their respective Interest Rate Swap Agreement. Other swap or hedge agreements entered into by the Authority

would likely have early termination rights for both parties. If either a swap or other hedge counterparty or the Authority terminates such an agreement when the agreement has a negative value to the Authority, the Authority would generally be obligated to make a termination payment to the counterparty in the amount of such negative value, and such payment could be substantial. As of May 31, 2023, the mark-to-market valuation of the Initial Swaps was approximately \$37,591,685 million (the cost to the Authority to terminate the Initial Swaps). Under the Initial Swaps and any future swaps, the Authority's obligation to make such a termination payment is subordinate to the Authority's obligation to pay the principal of and interest on the Series 2023 Bonds, the Series 2022 Bonds, and the portion of the principal amount of the Prior Bonds remaining after issuance of the Series 2023 Bonds. A counterparty may generally only terminate such an agreement upon the occurrence of defined events of default and termination events, including, without limitation, nonpayment by the Authority or the counterparty, insolvency event of the Authority or the counterparty or in the event rating agencies withdraw or downgrade the ratings of the Authority below specified levels.

### **Impact of Bankruptcy of the Authority**

While an involuntary bankruptcy petition cannot be filed against the Authority, the Authority is authorized to file for bankruptcy under certain circumstances. Should the Authority file for bankruptcy, there could be adverse effects on the holders of the Series 2023 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. If a court determined that the 2004 Measure A Sales Tax was levied to finance the general purposes of the Authority, rather than specific projects, then the Sales Tax Revenues would not be special revenues. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues or that the Series 2023 Bonds are not of a type protected by the "special revenues" provisions of the Bankruptcy Code. Were the Sales Tax Revenues determined not to be "special revenues," or were the Series 2023 Bonds determined to not be protected by the Bankruptcy Code, 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 Series 2023 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 Series 2023 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, the Sales Tax Revenues would be considered to be "derived" from a project or system. To the extent that the Sales Tax Revenues are determined to be derived from a project or system, the Authority may be able to use Sales Tax Revenues to pay necessary operating expenses, before the remaining Sales Tax Revenues are turned over to the Trustee to pay amounts owed to the holders of the Series 2023 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Authority is in bankruptcy, the parties (including the Trustee and the holders of the Series 2023 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 Series 2023 Bonds from funds in the Trustee's possession. The procedure pursuant to which the Sales Tax Revenues are paid



directly to the Trustee by the CDTFA may no longer be enforceable, and the Authority may be able to require that the Sales Tax Revenues be paid directly to it by the CDTFA.

If the Authority has possession of Sales Tax Revenues (whether collected before or after commencement of the bankruptcy) and if the Authority does not voluntarily pay such moneys to the Trustee, it is not entirely clear what procedures the Trustee or the holders of the Series 2023 Bonds would have to follow to attempt to obtain possession of such Sales Tax Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some of the Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case as long as the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2023 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 Series 2023 Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Series 2023 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2023 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 Series 2023 Bonds, or result in losses to the holders of the Series 2023 Bonds. Regardless of any specific adverse determinations in an Authority bankruptcy proceeding, the fact of an Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2023 Bonds.

### **Impact of Internet Use on Sales Tax Revenues**

In June 2018, the United States Supreme Court published its decision in *South Dakota v. Wayfair* (the “Wayfair Decision”), in which the Supreme Court held that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have physical nexus in a state in order for the seller to be liable for the collection of the state’s sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state.

The State of California has issued guidance in response to the Wayfair Decision. Under such guidance retailers located outside of the State are required to register with the CDTFA, collect the California use tax, and pay the tax to the CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the state. The new collection requirements apply to retailers if during the preceding or current calendar year certain sales thresholds are met. The new collection requirements started to apply to taxable sales of tangible property to California consumers on and after April 1, 2019, and were not retroactive. Additionally, the State’s passage of Assembly Bill 147, signed by Governor Newsome on April 25, 2019, provides the implementation rules for the Wayfair Decision in California. The Authority is unable to predict the ultimate benefit that the Wayfair Decision may have on Sales Tax Revenues. However, the Authority believes that some Internet transactions still may avoid taxation and in the future may continue to avoid taxation either through error or deliberate non-reporting, and this potentially may reduce the amount of Sales Tax Revenues.

## **Natural and Human Caused Disasters**

Seismic events, floods, droughts, wildfires, riots, terrorism or other calamities may occur from time to time in the County. The change in the earth's average atmospheric temperature, generally referred to as "climate change", is expected to, among other things, increase the frequency and severity of extreme weather events and cause substantial flooding. Any such event (or combination of events) may have a negative impact on the County economy and reduce the amount of sales and use taxes collected in the County, and in turn could potentially have a material adverse effect on amount the Sales Tax Revenues received by the Authority.

## **Cybersecurity**

The Authority relies on a large and complex technology environment operated and maintained by other entities to conduct its operations. These entities may face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. To date, there have been no cyber-attacks on the Authority's computer system or to the best of its knowledge, the computer systems operated and maintained by these other entities. No assurances can be given that the Authority's security and operational control measures or the measures put in place by these other entities will be successful in guarding against any and each cyber threat and attack. The results of any attack on the Authority's computer and information technology systems or the computer and information technology systems operated by these other entities could impact their operations and damage the Authority's digital networks and systems, and the costs and/or impacts on operation resulting therefrom could be material.

## **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 Series 2023 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 Authority's ability to impose and collect the 2004 Measure A Sales Tax.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Series 2023 Bonds is less than the amount to be paid at maturity of such Series 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2023 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is

treated as interest on the Series 2023 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity of the Series 2023 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2023 Bonds accrues daily over the term to maturity of such Series 2023 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2023 Bonds. Beneficial owners of the Series 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2023 Bonds is sold to the public.

Series 2023 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2023 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2023 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2023 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2023 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2023 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2023 Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The

introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners regarding the tax-exempt status of the Series 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2023 Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

Payments on the Series 2023 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Series 2023 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2023 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2023 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **LEGAL MATTERS**

The validity of the Series 2023 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by its General Counsel and by Nossaman LLP, as Disclosure Counsel, and for the Underwriter by their counsel, Kutak Rock LLP.

## CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of owners of the Series 2023 Bonds to provide certain financial information and operating data relating to the Authority by not later than two hundred seventy (270) days after the end of the Authority’s fiscal year in each year, commencing with the fiscal year ending June 30, 2022 and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of certain enumerated events will be filed by the Authority with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Authority Rule 15c2-12(b)(5) (the “Rule”). Within the past five years, the Authority has not failed to comply in all material respects with any previous undertaking with respect to the Rule. See APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

## RATINGS

Fitch Ratings Service and S&P Global Ratings have assigned a rating on the Series 2023 Bonds of “\_\_\_\_\_ Outlook Stable” and “\_\_\_\_\_ Outlook Stable,” respectively.

A rating is not a recommendation to buy, sell or hold securities and the ratings described above reflect only the views of each rating agency and any explanation of the meaning or significance of any rating should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings Service, Inc., 33 Whitehall Street, New York, New York 10004; and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. The Authority has furnished to the rating agencies certain information, including information not included herein. 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, or other actions of a rating agency relating to its rating on the Series 2023 Bonds may have an adverse effect on the marketability or market price of the Series 2023 Bonds.

The Authority expects to furnish to each rating agency such information and material as it may request. The Authority, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. The failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2023 Bonds. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price and marketability of such Series 2023 Bonds.

## FINANCIAL ADVISOR

The Authority has retained PFM Financial Advisors LLC, San Francisco, California, as financial advisor (the “Financial Advisor”) in connection with the authorization and delivery of the Series 2023 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any 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 Year Ended June 30, 2022, which are included as part of Appendix A. The financial statements of the Authority as of June 30, 2022 included in Appendix A in this Official Statement have

been audited by Richardson & Company LLP, Certified Public Accountants, as stated in their report appearing in Appendix A. Richardson & Company LLP, was not requested to consent to the inclusion of its report in Appendix A, nor has it undertaken to update its 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 Richardson & Company LLP with respect to any event subsequent to the date of its report. For more recent financial information with respect to the collection of Sales Tax Revenues, see “THE SALES TAX—Historical 2004 Measure A Sales Tax Revenues.”

## UNDERWRITING

The Authority has entered into a Purchase Contract (the “Purchase Contract”) with respect to the Series 2023 Bonds with BofA Securities Inc., as representative of the underwriters (the “Underwriters”) pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the Series 2023 Bonds for at a purchase price of \$ \_\_\_\_\_, which represents the aggregate principal amount of the Series 2023 Bonds [plus/minus] an original issue [premium/discount] of \$ \_\_\_\_\_ and less an Underwriters’ discount of \$ \_\_\_\_\_.

BofA Securities, Inc., an underwriter of the 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, Inc. 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, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Bank of America, N.A. is a swap counterparty for one of the Initial Swaps. In connection with the issuance of the Series 2023 Bonds, all or a portion of the Initial Swaps will be terminated, with a payment to be made by the Authority to the swap counterparties, including Bank of America, N.A. from the proceeds of the Series 2023 Bonds. BofA Securities, Inc. and Bank of America, N.A. are affiliated and are subsidiaries of Bank of America Corporation.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including [Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Series 2023 Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2023 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2023 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2023 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority and any purchasers or holders of any of the Series 2023 Bonds. All quotations from and summaries and explanations of the Indenture, 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 which are available upon request from the Trustee.

Any statements in this Official Statement involving matters of opinion, estimates, forecasts, projections, or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such opinions or the like will be realized. The agreements of the Authority are fully set forth in the Indenture and this Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2023 Bonds.





**APPENDIX A**

**SACRAMENTO TRANSPORTATION AUTHORITY  
AUDITED FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2022**

## APPENDIX B

### INFORMATION REGARDING THE COUNTY OF SACRAMENTO

The information in this Appendix B is the most current information available from the sources cited herein. 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 and the Underwriters take no responsibility for the accuracy or completeness of such information.

#### Population

Population in Sacramento County has grown steadily above that of the California State population as reflected in the following table.

The State Department of Finance estimates Sacramento County population at 1,585,055 as of January 1, 2020. Sacramento County currently has seven incorporated cities: Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova and Sacramento. Approximately 32.9% of the County's population lives in the City of Sacramento. Approximately 37.4% of the County's population lives in unincorporated areas, giving Sacramento County one of the largest unincorporated populations among all counties in the State.

Area	1970	1980	1990	2000	2010	2020	2023
Cities:							
Citrus Heights	---	---	---	85,071	83,267	87,583	85,837
Elk Grove	---	---	---	---	152,925	176,124	177,005
Folsom	5,810	11,003	29,802	51,884	72,201	80,454	85,498
Galt	3,200	5,514	8,889	19,472	23,641	25,383	26,557
Isleton	909	914	833	828	804	844	759
Rancho Cordova	---	---	---	---	64,413	79,332	81,117
Sacramento	257,105	275,741	369,365	407,018	466,279	524,943	518,161
Unincorporated Area:	367,349	409,209	632,330	659,226	553,529	610,392	589,519
Total:	634,373	783,381	1,041,219	1,223,499	1,417,059	1,585,055	1,576,618
% Increase over prior period:		23.49%	32.84%	17.50%	15.82%	11.85%	-0.53%
State Population:	19,935,134	23,782,000	29,828,496	34,095,209	37,223,900	39,538,223	39,029,342
% Increase over prior period:		19.30%	25.42%	14.30%	9.17%	6.22%	-1.29%

Sources: U.S. Census Bureau: April 2020; Ca Department of Finance

## Per Capita Income

Growth in per Capita Personal Income in Sacramento County is consistent with the state and national levels, albeit at lower absolute levels. The per capita income for the County grew at a compounded annual rate of 3.38% from 2000 to 2021 as shown in the chart below:

**Sacramento County's Median Per Capita Income  
Calendar Years 2000 to 2021**

	<b>Sacramento</b>	<b>California</b>	<b>United States</b>
2000	\$30,014	\$33,403	\$30,657
2001	31,711	34,083	31,589
2002	32,215	34,233	31,832
2003	33,435	35,452	32,681
2004	34,698	37,364	34,251
2005	35,776	39,326	35,849
2006	37,541	42,139	38,114
2007	38,730	43,669	39,844
2008	39,499	43,895	40,904
2009	38,327	42,050	39,284
2010	38,776	43,617	40,546
2011	40,394	46,183	42,735
2012	41,659	48,826	44,599
2013	42,887	49,259	44,851
2014	45,148	52,340	47,060
2015	47,811	55,793	48,985
2016	48,850	57,625	49,883
2017	50,197	60,004	51,731
2018	51,187	61,663	54,098
2019	53,278	64,513	56,047
2020	58,307	70,192	59,510
2021	76,422	84,097	69,021

Source: U.S. Bureau of Economic Analysis, Federal Reserve Economic Data (FRED®), Federal Reserve Bank of St. Louis

## Industry and Employment

Three major job categories comprised 81% of the County's work force during 2021: Government 15.8%, Professional and Business Services 58.8% and Retail Trade 6.8%, based on seasonally unadjusted March 2021 statistics, as summarized in the following table. The County's preliminary unemployment rate (not seasonally adjusted) as of April 2023 was at 3.8% and the Statewide unemployment rate as of April 2023 was 4.5%.

**Sacramento Metropolitan Statistical Area Labor Market Survey**  
**Calendar Years 2017 to 2021**  
(Amounts Expressed in Thousands)

Industry	2017	2018	2019	2020	2021
Mining	0.4	0.5	0.5	0.6	0.6
Construction	58.7	64.5	69.4	70.1	78.6
Manufacturing-Nondurable goods	12.4	12.7	13.1	13.1	14.9
Manufacturing-Durable goods	23.3	23.2	23.7	22.8	22.8
Transp., Warehouse, Utilities	27.4	29.5	32.2	34.6	38.5
Information	12.6	12.4	11.9	10.1	10.1
Wholesale Trade	26.5	28.4	28.6	26.7	26.0
Retail Trade	101.4	102.0	100.5	95.1	103.5
Finance, Insurance, Real Estate	49.2	49.9	48.7	48.6	53.0
Service Providing	877.9	899.9	915.9	863.6	895.7
Government	235.2	238.0	241.4	235.6	241.3
Agriculture	9.8	9.1	8.7	8.3	7.7
Other Services	33.0	34.2	35.4	30.6	30.6
<b>Total:</b>	<b>1,467.8</b>	<b>1,504.3</b>	<b>1,530.0</b>	<b>1,459.8</b>	<b>1,523.3</b>

Source: State of California Employment Development Department (EDD) – Current Employment Statistics Annual Average for 2017-2021; EDD Current Employment Statistics for 2021

**Major Employers**

The table below shows the major private and public sector employers in the Sacramento MSA, with their type of business and number of full-time equivalent (“FTE”) employees in 2022.

<b><u>Top 10 Private Employers*</u></b>		
<b>Company</b>	<b>Type of Business</b>	<b>2022 Number of FTE Employees</b>
UC Davis Health System	Health Care	16,075
Kaiser Permanente	Health Care	12,301
Sutter/California Health Services	Health Care	9,595
Dignity/Mercy Healthcare	Health Care	7,488
Intel Corp.	Semiconductor Manufacturer	6,013
Siemens Mobility Inc.	Street Car Manufacturer	2,500
Safeway	Grocery Store Chain	1,938
Pacific Gas & Electric Co.	Utilities	1,447
Blue Diamond Growers	Agriculture	968
WellSpace Health	Health Care	926
<b>Total:</b>		<b>59,251</b>

\* - Employers that have dropped off may not have responded to the survey such as Apple, and Amazon  
Source: Sacramento Business Journal The List, July 8, 2022

**Top 10 Public Sector Employers<sup>1</sup>**

<b>Company</b>	<b>Type of Business</b>	<b>2021 Number of FTE Employees</b>	<b>2022 Number of FTE Employees</b>
State of California	Government	82,076	82,894
UC Davis Health	Academic Health System with Medical School	14,618	16,075
Sacramento County	Government	12,585	
U.S. Government	Government	11,752	10,698
California State University Sacramento	Public Education	5,283	
San Juan Unified School District	Public Education	4,962	5,126
City of Sacramento	Government	4,883	
Sacramento City Unified School District	Education	4,375	
Los Rios Community College District	Two-Year Community College District	2,752	
Sacramento Municipal Utility District	Electric Utility	2,099	
	<b>Total:</b>	<b>145,385</b>	

<sup>1</sup> In the 2020 Book of Lists Elk Grove Unified reported 6,164 Employees making them 5<sup>th</sup> on the list; however, they did not respond to this survey.

Source: Sacramento Business Journal The List, June 4, 2022

**Commercial Activity**

Commercial activity is an important contributor to the County’s economy. Taxable sales is an accurate indicator of commercial activity. The chart below shows taxable sales transactions for the 5 year period starting in 2018 by type of business. Taxable sales have shown consistent growth over that period and demonstrate the diversified economy of the County.

<b>Type of Business</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Motor Vehicle and Parts Dealers	\$3,632,818,552	\$3,711,671,102	\$3,775,094,366	\$4,540,962,602	4,485,261,233
Home Furnishing and Appliance Stores	1,101,628,603	1,037,218,699	1,103,903,109	1,217,645,239	1,177,847,277
Building Materials and Garden Equipment Supplies	1,571,756,950	1,601,215,144	1,849,437,225	2,123,591,531	2,034,700,763
Food and Beverage Stores	1,115,406,936	1,075,633,857	1,151,690,212	1,204,048,017	1,233,467,021
Gasoline Stations	1,882,372,600	1,922,330,544	1,405,188,600	1,991,011,608	2,458,660,511
Clothing and Clothing Accessories Stores	1,102,620,347	1,117,956,222	889,343,223	1,248,171,193	1,221,109,877
General Merchandise Stores	2,402,534,736	2,528,602,401	2,560,717,023	2,914,327,930	3,036,346,873
Food Services and Drinking Places	2,691,148,944	2,845,490,087	2,191,265,074	2,965,767,319	3,358,675,867
Other Retail Group	2,093,087,260	2,355,183,886	3,561,467,579	5,559,165,874	5,586,079,320
<b>Total Retail and Food Services</b>	<b>\$17,593,374,928</b>	<b>\$18,195,301,942</b>	<b>\$18,488,106,411</b>	<b>\$23,764,691,313</b>	<b>\$24,592,148,742</b>
All Other Outlets	7,850,294,336	8,641,063,541	8,685,299,203	10,111,148,480	11,787,914,905
<b>Total All Outlets</b>	<b>\$25,443,669,264</b>	<b>\$26,836,365,483</b>	<b>\$27,173,405,614</b>	<b>\$33,875,839,793</b>	<b>\$36,380,063,647</b>

Source: California Department of Tax and Fee Administration

## Agriculture

Agriculture continues to be a factor in the County's economy; however, with the ever-increasing urban and commercial development of the County, agriculture's relative impact on the County's economy has declined in recent years. The gross value of agricultural production in 2020 reached \$454,759,000, a 1.2% decrease from the previous year.

## Migration

Sacramento's housing prices make the region an attractive and affordable choice compared to competing California counties. As shown in the following table, total net domestic migration for the 5 year period shown in the table below has been positive as many Bay area residents migrate to Sacramento for more affordable living.

**Total Net Migration Flow  
For Select California Counties  
(2015 to 2020)**

Counties	Persons
San Francisco	-21,393
Santa Clara	-31,941
San Mateo	-6673
Alameda	-18,751
Sonoma	-2635
Napa	-2978
Marin	247
Contra Costa	-587
<b>Sacramento</b>	<b>4341</b>

Source: U.S. Bureau of Economic Analysis, Federal Reserve Economic Data (FRED®), Federal Reserve Bank of St. Louis

**Construction Activity**

The value of building permits issued in the County totaled \$2,953,027,839 in 2022, an increase of 12.3% from the prior year. From 2015 through 2023, the value of nonresidential building permits reflected a total increase of 37.0% and the value of residential building permits reflected a total increase of 119.5%. In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2015 through July of 2022 are shown in the following table.

**SACRAMENTO COUNTY  
Building Permit Valuations  
Calendar Year 2015 through 2022**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2022</u>
<b>Valuation:</b>							
Residential	897,359,089	950,178,331	1,200,257,188	1,504,929,934	1,666,799,217	1,738,673,973	1,969,991,822
Nonresidential	651,429,306	987,138,579	679,406,600	964,945,946	1,504,674,790	891,464,033	983,036,017
<b>Total:</b>	<b>1,548,788,395</b>	<b>1,937,316,910</b>	<b>1,879,663,788</b>	<b>2,469,875,880</b>	<b>3,171,474,007</b>	<b>2,630,138,006</b>	<b>2,953,027,839</b>
<b>New Dwelling Units – No. of Permits:</b>							
Single Family	2,358	2,676	3,174	3,589	3,981	3,588	3,832
Multiple Family	815	609	1,761	1,272	2,008	2,868	3,419
<b>Total:</b>	<b>3,173</b>	<b>3,285</b>	<b>4,935</b>	<b>4,861</b>	<b>5,989</b>	<b>6,456</b>	<b>7,251</b>

Source: Construction Industry Research Board/California Homebuilding Foundation.

**Property Taxes**

**Assessed Valuation.** The County assesses property values and collects and distributes secured and unsecured property taxes to the County, cities, community redevelopment agencies, special districts and local school districts within the County. California law exempts \$7,000 of the full cash value of an

owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State.

According to the County Assessor’s Office the annual assessment roll for fiscal year 2021-2022 topped \$215 billion, a 8% increase over the prior year, which is the total gross assessed value for Sacramento County as of January 1, 2022. The following table reflects the FY 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 actual assessed valuations in the County.

**SACRAMENTO COUNTY**  
**Assessed Valuations**  
**FY 2016-17 to 2021-22**  
(Amounts Expressed in Thousands)

<b>Fiscal Year</b>	<b>Secured (A)</b>	<b>Unsecured (B)</b>	<b>Unitary (C)</b>	<b>Exemptions-Welfare-other (D)</b>	<b>Total Taxable Assessed Value (E)</b>
			1		
2016-17	\$141,945,673	\$6,213,686	\$1,540,805	\$(6,331,237)	\$143,368,927
2017-18	151,164,155	6,450,239	1,605,246	(6,829,284)	152,390,356
2018-19	161,252,864	6,909,322	1,508,979	(7,040,350)	162,630,815
2019-20	171,771,317	7,456,729	1,544,478	(7,575,239)	173,197,285
2020-21	182,060,623	7,870,485	1,559,767	(8,083,004)	183,407,871
2021-22	191,976,450	7,783,171	1,628,844	(8,384,119)	193,004,346

A) Secured property is generally real property which includes land, improvements, structures, crops, vines, and mobile homes.

B) Unsecured property is generally personal property which includes boats, aircrafts, fixtures, equipment, leasehold improvements, and possessory interests. C) Unitary properties are railroads, utilities properties which are assessed by the State Board of Equalization.

D) Exemptions as provided by the State Constitution provides property tax relieves to Welfare, Church, and Non-Profit Organizations.

E) Proposition 13 limits the General Direct Property tax rate to 1% of the net assessed values.

Note: All dollar estimates are in current dollars (not adjusted for inflation)

Source: Sacramento County Assessor, Annual Financial Report ending June 30, 2022



## **Transportation**

The County's location and transportation network have contributed to the County's economic growth. The County is traversed by the main east-west and north-south freeways serving northern and central California. Interstate 80 connects Sacramento with the San Francisco Bay Area, Reno, Nevada, and points east. U.S. Highway 50 carries traffic from Sacramento to the Lake Tahoe Area. Interstate 5 is the main north-south route through the interior of California; it runs from Mexico to Canada. California State Highway 99 parallels Interstate 5 through central California and passes through Sacramento.

Transcontinental and intrastate rail service is provided by the Union Pacific Railroad. Passenger rail service is provided by AMTRAK. Bus lines offering intercity as well as local service include Greyhound and Sacramento Regional Transit District. Regional Transit also operates an approximately 38.6-mile light rail system.

The Port of Sacramento provides direct ocean freight service to all major United States and world ports, shipping approximately 1 million metric revenue tons of cargo annually and link with the rail and freeway system. It is a deep-water ship channel, located 79 nautical miles northeast of San Francisco. The three major rail links serving Sacramento connect with the Port. Interstate 80 and Interstate 5 are immediately adjacent to the Port.

The County Airport System provides for the planning, development and operation of public air transportation facilities serving Sacramento County and adjoining areas. The Airport System consists of Sacramento International Airport, which as of 2019 has 13 passenger airlines, which includes four commuter airlines, and 7 all-cargo airlines, serving approximately 6.4 million enplaned passengers annually, Executive Airport and Franklin Field for general aviation and Mather Airport for air cargo and general aviation. Sacramento International Airport (SMF) is about 12 miles northwest of downtown Sacramento. Since September 11, 2001, SMF has added four new air carriers (Frontier, Mexicana, Hawaiian and Aloha). As the nation's economy was taking a hard hit in 2008, commercial aviation was challenged by reduced passenger numbers and increased fuel prices and other operating costs. Express Jet, Aloha and Mexicana ceased operation within the span of two years. Executive Airport, located in Sacramento, is a full-service, 680-acre facility serving general aviation. Currently, Mather Airport is served by three all-cargo carriers. In addition to Sacramento International Airport, Executive Airport and Mather Airport, there is one other County operated general airport and numerous private airports.

## **Education**

Public school education is provided by 16 school districts totaling 427 schools, of which (8 are Unified School Districts) plus the County Office of Education and consists of the following types of schools: 231 Elementary; 41 Middle schools; 17 K-12 schools; 48 Secondary (high schools); 4 Youth facilities; 13 Continuation schools; 49 Charter schools; 9 Special Education centers; 3 County Community schools; 4 Community Day schools and 8 Alternative schools. There are approximately 139 private schools in the County with an enrollment of approximately 19,725 as of 2017-2018 (the latest date for which such information is available). Public school enrollment for 2020-2021 is approximately 246,069.

The Los Rios Community College District serves the majority of Sacramento County, as well as portions of El Dorado, Placer, Yolo and Solano Counties. The District maintains four campuses in the County, including American River College, located in the northeastern unincorporated area of Carmichael; Sacramento City College, located in Sacramento; Cosumnes River College, located in the southern area of the City of Sacramento; and Folsom Lake-El Dorado College, located in the northeast area of the County. The 2018 to 2019 school-year enrollment totals at the four campuses were

approximately 107,914 students. The southernmost portion of the County is served by the San Joaquin Delta Community College District.

California State University at Sacramento offers four-year programs in business administration, liberal arts, engineering, education and nursing, and master's degrees in service fields. Fall 2021 enrollment was approximately 31,573 students, an increase from Fall 2020's enrollment of 31,451 students. Other higher education facilities located in Sacramento are the University of Phoenix, University of Southern California, McGeorge School of Law which is a branch of the University of the Pacific, University of San Francisco, University of California at Davis Extension, and the Medical Center of the University of California at Davis.

## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture, dated as of September 1, 2009, between the Sacramento Transportation Authority (the “Authority”) and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as supplemented by the First Supplemental Indenture, dated as of September 1, 2009, the Second Supplemental Indenture, dated as of September 1, 2011, the Third Supplemental Indenture, dated as of July 1, 2012, the Fourth Supplemental Indenture, dated as of September 1, 2014, the Fifth Supplemental Indenture, dated as of March 1, 2015, the Sixth Supplemental Indenture, dated as of May 1, 2018, the Seventh Supplemental Indenture, dated as of September 1, 2022, and the Eighth Supplemental Indenture, dated as of [DATE], 2023, and hereinafter collectively referred to as the “Indenture”, between the Authority and the Trustee. Such summary is not intended to be complete or definitive, is supplemental to the summary of other provisions of the Indenture contained elsewhere in this Official Statement, and is qualified in its entirety by reference to the full terms of the Indenture. All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Indenture.

#### Definitions

“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. For purposes of the Indenture, the term “principal of” shall also include Accreted Value, if appropriate.

“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 Local Transportation Authority and Improvement Act, Division 19 (Section 180000 et seq.) of the Public Utilities Code of the State of California, as 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 a Series of Bonds, issued by an insurance company, commercial bank, pension fund or other institution, and delivered or made available to the Trustee, as a replacement or substitution for any Credit Enhancement then in effect.

“Alternate Liquidity Facility” means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, issued by a commercial bank, insurance company, pension fund or other institution, and delivered or made available to the Trustee, as a replacement or substitute for any Liquidity 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 Parity Obligations becoming due and payable during such Fiscal Year calculated utilizing the 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 or other amortization schedule provided by the Authority for a period commencing on the date of calculation of such Assumed Debt Service 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 or other amortization basis provided by the Authority 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.

“Authorized Representative” means the Chairperson of the Board, the Executive Director, the Chief Financial Officer or such other person as may be designated to act on behalf of the Authority by a written certificate delivered to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by an Authorized Representative.

“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 Governing Board 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.

“Bond Reserve Requirement,” with respect to the Bond Reserve Fund, means, as of any date of calculation, an amount equal to the least of (a) 10% of the initial offering price to the public of the Participating Bonds as determined under the Code, or (b) the greatest amount of Debt Service for the Participating Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Participating Bond is due, or (c) 125% of the sum of the Debt Service for the Participating Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made (or if appropriate, the first full Fiscal Year following the issuance of any Participating Bonds) and terminating with the last Fiscal Year in which any Debt Service for the Participating Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Authority and specified in writing to the Trustee; provided, however that in determining Debt Service with respect to any Participating Bonds that constitute Variable Rate Indebtedness, the interest rate on such Participating Bonds for any period as to which such interest rate has not been established shall be assumed to be (x) the synthetic fixed interest rate specified in the Interest Rate Swap Agreement for the term of such Interest Rate Swap Agreement if an Interest Rate Swap Agreement is in place providing for a fixed rate of interest with respect to such Participating Bonds or (y) the average SIFMA Swap Index for the last five (5) years preceding the date of calculation, certified by the Authority within thirty (30) days of issuance; and provided, further, that with respect to the issuance of additional Participating Bonds if the Bond Reserve Fund would have to be increased by an amount greater than ten percent (10%) of the stated principal amount of such additional Participating Bonds (or, if the issue has more than a de minimis amount of original issue discount or premium, of the issue price of such Bonds) then the Bond Reserve Requirement shall be such lesser amount as is determined by a deposit of such ten percent (10%). The Bond Reserve Requirement, with respect to the Bond Reserve Fund, shall be calculated on the date of issuance of a Series of Participating Bonds and shall be recalculated only upon the issuance of additional Participating Bonds or the early retirement of Participating Bonds. “Bond Reserve Requirement,” with respect to any Bond Series Reserve Fund, means the amount specified as such in the Supplemental Indenture establishing such Bond Series Reserve Fund.

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

“Bonds” means the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds or Notes (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Indenture.

“Build America Bonds” means Bonds accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

“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 or 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; (2) for purposes of payments and other actions relating to Bonds secured by a Credit Enhancement or supported by a Liquidity 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 Liquidity Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed; (3) a day on which the New York Stock Exchange is closed; or (4) a day on which the payment system of the Federal Reserve System is not operational.

“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.

“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.

“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 Certificate” means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Certificate, dated the date of issuance of such Series of Bonds, executed by the Authority, 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 U.S. Bank Trust Company, National Association, One California Street, 10<sup>th</sup> Floor, San Francisco, California 94111, Attention: Corporate Trust Department, 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, issuance, 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, expenses 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, fees payable in connection with the

execution or termination of an Interest Rate Swap Agreement in connection with the issuance of a Series of Bonds and any other cost, charge or fee incurred in connection with the issuance of a Series of Bonds or any Parity Obligations delivered in connection with a Series of Bonds.

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

“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, pension fund or other 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 Enhancement, such Alternate Credit Enhancement.

“Credit Enhancement Provider” means, with respect to a Series of Bonds, the Insurer, commercial bank, pension fund or other institution issuing (or having primary obligation, or acting as agent for the 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, including the Series 2023 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 or Parity 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 (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

(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 or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

*Pursuant to the Eighth Supplemental Indenture, paragraph (D) of the definition of Debt Service will be amended as of the Effective Date to read as follows:*

*(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 110% of the average SOFR Index during the twelve (12) months ending with the month preceding the month in which the calculation is made or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);*

(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;

(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 delivered to the Trustee, 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 or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee;

(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 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

(i) to be paid from the proceeds of Obligations held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or (ii) paid or expected to be paid from Subsidy Payments.

*As provided by the Eighth Supplemental Indenture:*

*“Effective Date” means the date which is the latter of the receipt of: (i) the consent of Holders of a majority in aggregate amount of Bonds, and (ii) the date on which the Authority and the Trustee receive consents to such amendments from each Existing Liquidity Facility Provider and each counterparty for the Initial Swap related to any of Prior Bonds that will remain outstanding upon the issuance of the Series 2023 Bonds.*

“Event of Default” means any of the events of default specified in the Indenture and described under the caption “Events of Default and Remedies – Events of Default” below.

“Excluded Principal Payments” means each payment of principal of Bonds or Parity Obligations which the Authority determines (in the Certificate of the Authority delivered to the Trustee) 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 Revenues or amounts on deposit in the Reserve Fund, if any, securing such Bonds. 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.

“Expenditure Plan” means the Sacramento County Transportation Expenditure Plan 2009-2039 (attached as Exhibit A to the Ordinance), as in effect on the date of execution and delivery of the Indenture, and as such expenditure plan may be amended from time to time pursuant to 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 (a) such action is authorized or permitted under the Indenture and (b) such action will not, in and of itself, result in the inclusion of interest on the Series 2023A Bonds in gross income for federal income purposes.

“Fee and Expense Obligations” means any obligations of the Authority which constitute fees, expenses and similar charges in connection with any Bonds, Parity Obligations or Subordinate Obligations (including fees and expenses and termination payments on Interest Rate Swap Agreements), which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations.

“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.



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

“Indenture” means the Indenture, dated as of September 1, 2009, 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 thereof.

“Initial Swaps” means the three (3) Interest Rate Swap Agreements executed and delivered by the Authority on October 18, 2006 in a combined notional amount of \$318,300,000.

“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 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” or “Swap” 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 any of the following:

(A) The following obligations may be used as Investment Securities for all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash;

(2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA’s)
- Federal Housing Administration
- Federal Financing Bank; and

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated “Aaa” by Moody’s and “AAA” by Standard & Poor’s issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by each Credit Enhancement Provider then providing Credit Enhancement for a Series of Bonds.

(B) The following obligations may be used as Investment Securities for all purposes other than defeasance investments in refunding escrow accounts:

(1) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating (ratings on holding companies are not considered as the rating of the banks) on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by Standard & Poor’s and “P-1” by Moody’s and maturing no more than three hundred sixty (360) days after the date of purchase;

(2) Commercial paper which is rated at the time of purchase in the single highest classification, “A-1” by Standard & Poor’s or “P-1” by Moody’s and which matures not more than two hundred seventy (270) days after the date of purchase;

(3) Investments in a money market fund rated “AAAm or “AAAm-G” or better by Standard & Poor’s including funds for which the Trustee or an affiliate provides investment advice or other services;

(4) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Standard & Poor’s and Moody’s or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(5) General obligations of states with a rating of at least “A2/A” or higher by both Moody’s and Standard & Poor’s;

(6) Any investment agreement with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company or guarantor of which is rated) in either of the two highest long-term Rating Categories by Moody’s and Standard & Poor’s;

(7) The Local Agency Investment Fund managed by the Treasurer of the State of California, as referred to in Section 16429.1 of the Government Code of the State but only to the extent such investment is registered in the name of the Trustee;

(8) 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 53601 of Title 5 Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(9) The commingled investment fund of the County of Sacramento, California, which is administered in accordance with the investment policy of said County as established by the Treasurer 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; and

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

“Liquidity 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 purchase price of such Series of Bonds under certain conditions specified therein, issued by a commercial bank, insurance company, pension fund or other 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 Liquidity Facility, such Alternate Liquidity Facility.

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

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

“Liquidity Facility Rate” means, with respect to a Series of Bonds, the interest rate per annum, if any, specified in the Liquidity Facility delivered in connection with such Series of Bonds as applicable to Liquidity Facility 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. The Series 2023 Bonds are not subject to mandatory sinking account redemption.

“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 the maximum amount of Annual Debt Service becoming due and payable on all Bonds Outstanding and all Parity Obligations (and Subordinate Obligations, if applicable) outstanding during the period from the date of such calculation through the final maturity date of the Bonds and Parity Obligations (and Subordinate Obligations, if applicable), calculated utilizing the assumptions set forth under the definition of Debt Service.

“Maximum Rate” means, with respect to any Bonds, the lesser of (i) the rate designated as the Maximum Rate for such Bonds in the Supplemental Indenture with respect to such Bonds and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time.

“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 with notice to the Liquidity Facility Provider, if any.

“Notice Parties” means, as and to the extent applicable, the Authority, the Trustee, the Credit Enhancement 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 Liquidity Provider, 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 Trustee (provided, however, that the Trustee may appoint an agent to identify such Reference Banks). The Trustee 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 Trustee 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 Trustee or its agent is then quoting rates for such loans, then the One Month LIBOR Rate for the ensuing interest period will mean the One Month LIBOR Rate most recently in effect.

*Pursuant to the Eighth Supplemental Indenture, the definition of One Month USD LIBOR Rate will be deleted in its entirety as of the Effective Date.*

“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 Ordinance No. STA-04-01 adopted by the Board on July 29, 2004, pursuant to the provisions of Chapter 5 of the Act, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the 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 the provisions of the Indenture described below under the caption “Discharge of Liability on Bonds;” 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 the Indenture; provided, however, that in the event the principal of or interest due on any Bonds shall be paid by the Credit Enhancement 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 Enhancement Provider and such Credit Enhancement Provider shall be subrogated to the rights of such Holders.

“Parity 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 or (iii) the Initial Swaps and any other Interest Rate Swap Agreement (excluding fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured as Fee and Expense Obligations) entered into in connection with a Series of Bonds, in each case incurred in accordance with the Indenture, which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a parity with the Bonds (whether or not any Bonds are Outstanding).

“Participating Bonds” means the Bonds of each Series which, pursuant to the terms of the Supplemental Indenture relating to such Series, are secured by amounts in the Bond Reserve Fund.

“Participating Underwriters” means any of the original underwriters of a Series of Bonds required to comply with Rule 15c2-12(b)(5) 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.

“Project” means capital outlay expenditures for transportation purposes, including, but not limited to, administration, construction, maintenance, improvements and operation of local streets, roads and highways, state highways and freeways, public transit systems including rail, bicycle and pedestrian facilities and related purposes as permitted by the Ordinance and the Expenditure Plan. These purposes include expenditures for planning, environmental reviews and mitigation, engineering and design costs, and related right-of-way acquisition and for the Consumnes River Permanent Open Space Preserve and the American River Parkway/Bikeway Network.

“Prior Indenture” means the Indenture, dated as of October 1, 2006, between the Authority and the Trustee, as amended and supplemented to the date of execution and delivery of the Indenture.

“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.”

“Rating Agency” means, as and to the extent applicable to a Series of Bonds, each of Fitch, Moody’s and Standard & Poor’s, but, in each instance, only so long as each such Rating Agency then maintains 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 Requirement” means, with respect to any Series of Bonds, the rebate requirement determined in accordance with the Tax Certificate delivered in connection with such Series of Bonds.

“Record Date” means the 15<sup>th</sup> day of the calendar month immediately preceding the interest payment date (whether or not a business day).

“Redemption Price” means, with respect to any Series 2023A Bond (or portion thereof), 100% of the principal thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Series 2023A Bond and the Eighth Supplemental Indenture.

“Refunding Bonds” means a Series of Bonds or a portion of a Series of Bonds issued pursuant to the provisions of the Indenture described below under the caption “Issuance of Additional Bonds and Other Obligations – Issuance of Refunding Bonds.”

“Repository” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission or any successor agency thereto to receive reports and notices pursuant to Rule 15c2-12.

“Reserve Facility” means any insurance policy, letter of credit or surety bond issued by a Reserve Facility Provider, meeting the requirements of the Indenture described below under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” 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.

“Revenues” means: (i) all Sales Tax Revenues; (ii) all investment earnings on amounts held by the Trustee in the funds and accounts established under the Indenture, excluding amounts deposited to the Rebate Fund, any Letter of Credit Fund and any Purchase Fund; (iii) all Swap Revenues; and (iv) all

Subsidy Payments. In accordance with the provisions of the Indenture described below under the caption “Issuance of Additional Bonds and Other Obligations,” the Authority by Supplemental Indenture may provide for additional revenues or assets of the Authority to be included in the definition of Revenues.

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

“Sales Tax Revenues” means all amounts available for distribution to the Authority after April 1, 2009 on account of the 2004 Measure A Sales Tax after deducting amounts payable by the Authority to the State Board of Equalization for costs and expenses for its services in connection with the 2004 Measure A Sales Tax collected pursuant to the Act and levied pursuant to the Ordinance.

“Securities Depository” means The Depository Trust Company, 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.

“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.

“Series 2009 Bonds” means the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2009A (Limited Tax Bonds), the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2009B (Limited Tax Bonds), and the Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Indenture.

“Series 2023A Bonds” means the Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023A (Limited Tax Bonds), authorized by, and at any time Outstanding pursuant to, the Indenture.

“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 by any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date. *As provided by the Eighth Supplemental Indenture, as of the Effective Date:*

*“SOFR Index” means, for any day, the one-month forward looking secured overnight financing rate as administered by the CME Group Benchmark Administration Limited (CBA) (or a successor administrator selected by the Authority).*

“Standard & Poor’s” or “S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, 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 “Standard & Poor’s”

or “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority with notice to the Liquidity Facility Provider, if any.

“State” means the State of California.

“State Board of Equalization” means the California Department of Tax and Fee Administration, formerly the State Board of Equalization.

“Subordinate Obligations” means any obligations (excluding fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured as Fee and Expense Obligations) of the Authority issued or incurred in accordance with the Indenture, which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a basis subordinate to the Bonds and the Parity Obligations.

“Subsidy Payments” means payments with respect to the interest due on a Series of Bonds made by the United States Treasury to the Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such provisions of the Code.

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

“Swap Revenues” means all amounts owed or paid to the Authority by any Counterparty under any Interest Rate Swap Agreement after offset for amounts 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 March 31, 2039 or such later date to which the levy of the 2004 Measure A Sales Tax is extended in accordance with the Act.

“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 U.S. Bank Trust Company, National Association, as trustee, 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 the Indenture.

“2004 Measure A” means the ballot measure which authorized the 2004 Measure A Sales Tax.

“2004 Measure A Sales Tax” means the retail transactions and use tax authorized by 2004 Measure A.

“Variable Rate Indebtedness” means any indebtedness 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.



## **Pledge of Revenues; Revenue Fund**

The Authority shall cause Sales Tax Revenues to be transmitted by the State Board of Equalization 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.

As security for the payment of all amounts owing on the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations, in the amounts and with the priorities set forth in the Indenture and in the Bonds, the Authority irrevocably pledges to the Trustee: (i) all Revenues, (ii) all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds) and all investments, money, instruments, and other property credited thereto or on deposit therein, and (iii) all proceeds thereof, whether now existing or hereafter arising, subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Such collateral shall immediately be subject to such pledge, and such pledge shall constitute a lien and security interest 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, the Indenture irrespective of whether those parties have notice of such pledge and without the need for any physical delivery, recordation, filing or further act.

All Bonds and Parity Obligations shall be of equal rank without preference, priority or distinction of any Bonds and Parity Obligations over any other Bonds and Parity Obligations. All Subordinate Obligations shall be of equal rank without preference, priority or distinction of any Subordinate Obligations over any other Subordinate Obligations. All Fee and Expense Obligations shall be of equal rank without preference, priority or distinction of any Fee and Expense Obligations over any other Fee and Expense Obligations.

Subject to the provisions of the Indenture described under the caption "Payment Provisions Applicable to Interest Rate Swap Agreements," all Revenues (other than Sales Tax Revenues) shall also be deposited in the Revenue Fund. The Trustee shall hold all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds), and all investments, money, instruments and other property credited thereto or on deposit therein, in trust for the benefit of the holders of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations as their interests may appear under the Indenture. Such property shall be applied solely as provided in the Indenture. 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 Sales Tax Revenues and other Revenues pledged under the Indenture.

## **Allocation of Sales Tax Revenues**

So long as any Bonds are Outstanding and Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and all other amounts payable under the Indenture 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 Parity Obligations, Subordinate Obligations and Fee and Expense 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 (i) on a parity with such deposits the Trustee may set aside or transfer amounts

with respect to any outstanding Parity Obligations as provided in the proceedings for such Parity Obligations delivered to the Trustee pursuant to the Indenture (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 Parity Obligations), (ii) payments on Interest Rate Swap Agreements that constitute Parity Obligations shall be payable from the Interest Fund and the required deposits below shall be adjusted to include payments on such Interest Rate Swap Agreements in accordance with the Indenture (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 Parity Obligations) and (iii) in the event any of the deposits or transfers requires more than one such deposit or payment and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys.

Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the 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 Current Interest Bonds (except for 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 Interest Fund from the proceeds of any Series of 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 Outstanding Current Interest Bonds (except for 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 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 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 hundred (100) basis points (provided, however, that the amount of such deposit into the 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 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 Variable Rate Indebtedness). No deposit need be made into the Interest Fund with respect to any Bonds 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 Bonds issued under the Indenture and then Outstanding and on April 1 and October 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having interest payment dates other than April 1 and October 1) shall be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

If there are Liquidity Facility Bonds outstanding at the time of any required deposits to the Interest Fund, such deposits shall take into account and include the Liquidity Facility Rate on Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds.

Principal Fund; Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Principal Fund as soon as practicable in such month an amount equal to at

least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) 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 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 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 the Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such 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 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 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 Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis 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, 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 Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Serial Bonds issued under the Indenture 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 Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase 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 the Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such 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 April 1 of each year, the Trustee shall 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 April 1 of each year or as soon as practicable thereafter any excess amounts in the Principal Fund not needed to pay principal on such date (and not held to pay principal on Bonds having principal payment dates other than April 1) shall be transferred to the Authority.

If there are any Liquidity Facility Bonds outstanding at the time of any required deposits to the Principal Fund, such deposits shall take into account and include any amortizations or redemptions of any Liquidity Facility Bonds required by the Liquidity Facility then in effect with respect to such Bonds. For purposes of the provisions above relating to the Principal Fund, Liquidity Facility Bonds shall be treated as Serial Bonds with maturity dates on the payment dates of any amortization or redemptions.

Reserve Funds. Upon the occurrence of any deficiency in any Reserve Fund, the Trustee shall make such deposit to the Reserve Fund, as is required pursuant to the provisions of the Indenture described below under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” 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.

Subordinate Obligations Fund. After the transfers to the Interest Fund, the Principal Fund and the Reserve Funds described above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Authority shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding. If amounts on deposit in the Subordinate Obligations Fund shall not be sufficient to pay in full all amounts payable from the Subordinate Obligations Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Subordinate Obligations Fund and payments then due).

Fees and Expenses Fund. After the transfers to the Interest Fund, the Principal Fund, the Reserve Funds and the Subordinate Obligations Fund described above have been made, the Trustee shall deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Authority. If amounts on deposit in the Fees and Expenses Fund shall not be sufficient to pay in full all amounts payable from the Fees and Expenses Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Fees and Expenses Fund and payments then due).

Any Revenues remaining in the Revenue Fund after the foregoing transfers in the funds and accounts described 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.

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 Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent applicable, the 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 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.

### **Establishment and Application of Funds and Accounts**

Each of the funds and accounts described below is established by the Indenture.

Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purposes of: (a) paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), or for reimbursing the Credit Enhancement 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, as provided in the Indenture. If amounts on deposit in the Interest Fund shall not be sufficient to pay in full all amounts payable from the Interest Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Interest Fund and payments then due).

Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the 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 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. If amounts on deposit in the Principal Fund shall not be sufficient to pay in full all amounts payable from the Principal Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Principal Fund and payments then due).

The Trustee shall establish and maintain within the Principal Fund a separate account for the 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 Current Interest Bonds, and the Accreted Value, in the case of 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 Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in the 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 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 Interest Fund) as is directed by the Authority, except that the purchase price (excluding accrued interest, in the case of 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 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 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 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 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 October 1 of each year following the redemption as of such date of the 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 Term Bonds purchased from a Sinking Account or deposited by the Authority with the Trustee in a twelve month period ending September 30 (or in a six-month period ending March 31 or September 30 with respect to

Bonds having semi-annual Mandatory Sinking Account Payments) 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 Term Bonds, if any, occurring on the next April 1 or October 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Authority. All 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 Term Bonds as may be specified in a Request of the Authority.

Reserve Funds. The Bond Reserve Fund shall secure all Participating Bonds and the Authority shall specify in the Supplemental Indenture relating to such Series of Bonds whether the Bonds of such Series constitute Participating Bonds. 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 Series Reserve Fund as additional security for a Series of Bonds. Any Bond Series Reserve Fund so established by the Authority shall be available to secure one or more Series of Bonds as the Authority shall determine and shall specify in the Supplemental Indenture establishing such Bond Series Reserve Fund. Any Bond Series Reserve Fund established by the Authority shall be held by the Trustee and shall comply with the requirements of the Indenture described below.

In lieu of making the Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the Authority), or in substitution of any Reserve Facility comprising part of the Bond Reserve Requirement relating to one or more Series of 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 two highest Rating Categories of Moody's and Standard & Poor's, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in the next paragraph, then on deposit in the Reserve Fund, will equal the applicable Bond Reserve Requirement. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the 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 the Indenture as described in this paragraph. 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 Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of the Indenture as described in the next paragraph. 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 applicable Bond Reserve Requirement will be on deposit in the Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the applicable Bond Reserve Requirement as of the date following the expiration of the letter of credit is not on deposit in the 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 the Reserve Fund.

In lieu of making a Bond Reserve Requirement deposit in cash or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the Authority) or in substitution of any Reserve Facility comprising part of a Bond Reserve Requirement for any Bonds, the Authority may, at any time and from time to time, deliver to the Trustee a surety bond or an insurance policy in an amount which, together with moneys, Investment Securities, or other Reserve Facilities then on deposit in the Reserve Fund, is no less than the applicable Bond Reserve Requirement. 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 two highest Rating Categories of Moody's and Standard & Poor's. 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 the twelve equal monthly deposits to the Reserve Fund so that the Reserve Fund is replenished to the required level after a year.

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

The Trustee shall notify the Authority of any deficiency in the Reserve Fund (i) due to a withdrawal from the Reserve Fund for purposes of making up any deficiency in the Interest Fund or the Principal Fund relating to the Bonds of the Series to which the Reserve Fund relates or (ii) resulting from a valuation of Investment Securities held on deposit in the Reserve Fund 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 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 Reserve Fund an amount equal to one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from the Reserve Fund or decrease resulting from a valuation pursuant to the Indenture and shall further instruct the Trustee to transfer to each Reserve Facility Provider providing a Reserve Facility satisfying a portion of the Bond Reserve Requirement relating to the Bonds of the Series to which the 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 the Reserve Fund is at least equal to the applicable Bond Reserve Requirement.

Unless the Authority shall otherwise direct in writing, any amounts in the Reserve Fund in excess of the applicable Bond Reserve Requirement 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 the Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in the Reserve Fund shall be transferred by the Trustee to the Authority (i) upon the defeasance, retirement or refunding of Bonds of the Series to which such Reserve Fund relates provided that such transfer shall not be made unless (a) immediately thereafter all of the Bonds to which the Reserve Fund relates shall be deemed to have been paid pursuant to the defeasance provisions of the Indenture, or (b) the amount remaining in the Reserve Fund after such transfer shall not be less than the applicable Bond Reserve Requirement or (ii) upon the replacement of cash on deposit in the Reserve Fund with one or more Reserve Facilities in accordance with the Indenture as described in the second and third paragraphs of this section, subject in the case of both clauses (i) and (ii) to the requirements of the applicable Tax Certificate.

Subordinate Obligations Fund. All moneys in the Subordinate Obligations Fund shall be used and withdrawn by the Trustee to pay Subordinate Obligations as such amounts become due and payable.

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 Parity Obligations or Subordinate Obligations (including termination payments on any Interest Rate Swap Agreement) as such amounts shall become due and payable.

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 may be specified in a Request of the Authority.

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. 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 the Indenture and by the applicable Tax Certificate.

### **Payment Provisions Applicable to Interest Rate Swap Agreements**

The Authority shall, promptly after Swap Revenues are paid by the Counterparty under an Interest Rate Swap Agreement, transfer or cause to be transferred to the Trustee for deposit in the Revenue Fund, the Swap Revenues. The Authority and the Trustee acknowledge (1) that the Initial Swaps have been entered into by the Authority, (2) that the obligation of the Authority to make payments required under the Initial Swaps (excluding fees and expenses and termination payments under the Initial Swaps) constitutes a Parity Obligation under the Indenture and (3) that the obligation of the Authority to pay fees and expenses and termination payments under the Initial Swaps constitutes a Fee and Expense Obligation under the Indenture.

Payments on Interest Rate Swap Agreements that are payable as Parity Obligations (including the payments under the Initial Swaps that constitute Parity Obligations) shall be payable by the Trustee to the Counterparty from the Interest Fund. If such payments on any Interest Rate Swap Agreements are payable to the Counterparty on a semi-annual basis, the Trustee shall set aside in the Interest Fund as soon as practicable in each month an amount equal to one-sixth of the amount due to the Counterparty on the next payment date, until the requisite half-yearly amount of payments due on such Interest Rate Swap Agreement is on deposit in such fund.

Payments on Interest Rate Swap Agreements that are payable as Subordinate Obligations shall be payable by the Trustee to the Counterparty from the Subordinate Obligations Fund.

Payments on Interest Rate Swap Agreements that are payable as Fee and Expense Obligations shall be payable by the Trustee to the Counterparty from the Fee and Expense Fund.

The Authority may apply termination payments received from any Counterparty to the defeasance or redemption of all or a portion of any Bonds then Outstanding.

### **Investment in Funds and Accounts**

All moneys in any of the funds and accounts held by the Trustee or established pursuant to the Indenture (including any project funds held by the Trustee) shall be invested, as directed by the Authority, solely in Investment Securities. Moneys in any Reserve Fund shall be invested in Investment Securities maturing in not more than five years, or having a put option or demand option providing funds upon request for the purpose of payment of the Bonds to which such 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 or a Request of the Authority delivered to the Trustee: (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 the Reserve Fund shall be retained in such Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Project Fund established in connection with the Series of Bonds to which the Reserve Fund relates, if any, until such time as such Project Fund shall be closed, and then 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 retained in such

Costs of Issuance Fund until such time as such Costs of Issuance Fund is closed, and any earnings received on a Costs of Issuance Fund subsequent to the closure of such 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 the Indenture, (vi) all interest, profits and other income received from the investment of moneys in any Letter of Credit Fund or Purchase Fund shall be retained in such Letter of Credit Fund or Purchase Fund, as applicable; 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.

### **Issuance of Additional Bonds and Other Obligations**

Issuance of Additional Bonds. Subsequent to the issuance of the Series 2009 Bonds, the Authority may by Supplemental Indenture establish one or more additional Series of Bonds, payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2009 Bonds, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, 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 Bonds issued subsequent to the Series 2009 Bonds issued under the Indenture, upon compliance by the Authority with the provisions of the Indenture and subject to the specific conditions set forth below, each of which is made a condition precedent to the issuance of any such additional Series of Bonds.

(A) No Event of Default shall have occurred and then be continuing (or the issuance of the Bonds will cure any such Event of Default).

(B) The Supplemental Indenture providing for the issuance of such Series shall state whether the Bonds of such Series are Participating Bonds. If the Bonds of such Series are Participating Bonds, the Supplemental Indenture shall require a deposit of the amount, if any, necessary to increase the amount on deposit in the Bond Reserve Fund to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Participating Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds. Subject to the provisions of the Indenture described above under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” in the event a Supplemental Indenture providing for the issuance of such Series shall require either (i) the establishment of a Bond Series Reserve Fund to provide additional security for such Series of Bonds, or (ii) that the balance on deposit in an existing Bond Series 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 Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond Series Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds, the Supplemental Indenture providing for the issuance of such additional Series of 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 Bonds and may be made from the proceeds of the sale of such Series of 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 Bonds issued under the Indenture shall not exceed any limitation imposed by the Act or any other law or by any Supplemental Indenture.

(D) The Authority shall deliver to the Trustee a Certificate of the Authority certifying that the lesser of (i) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 2.0 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based. In the event that there has not yet been a full twelve (12) consecutive months (selected by the Authority ) during the eighteen (18) months or full Fiscal Year of Sales Tax Revenues for purposes of making the calculation in the preceding sentence, the Authority may use the original Measure A Sales Tax Revenues as a proxy.

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

Nothing in the Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of 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 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 pursuant to the provisions of the Indenture described in paragraph (D) above as if such additional assets or revenues had always been included in “Revenues.”

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture described in paragraph (D) of the previous section; provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds. Such 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 Parity Obligations to be refunded;
- (2) all expenses incident to the calling, retiring or paying of such Outstanding Bonds or outstanding Parity Obligations and the Costs of Issuance of such 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 Bonds or Parity Obligations to be refunded;
- (4) interest on all Outstanding Bonds or outstanding Parity Obligations to be refunded to the date such Bonds or Parity Obligations will be called for redemption or paid at maturity;

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

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

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

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

(2) A Certificate of the Authority certifying: (i) that Maximum Annual Debt Service on all Bonds and Parity Obligations which will be outstanding following the issuance of such Series of Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and Parity Obligations outstanding prior to the issuance of such Refunding Bonds; and (ii) that the requirements of the Indenture described in paragraphs (A), (B), and (C) under the caption "Issuance of Additional Bonds" are satisfied.

(3) If any of the 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 Bonds or Parity 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 Bonds and Parity Obligations proposed to be redeemed (whether canceled or uncanceled) with irrevocable instructions to the Trustee to cancel said Bonds or Parity Obligations so to be redeemed upon the exchange and delivery of said Refunding Bonds; and provided further that no provision of the Indenture shall be construed to require the redemption of 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 the Indenture and that such Series of Refunding Bonds, when duly executed by the Authority and authenticated and delivered by the Trustee, will be valid and binding obligations of the Authority.

Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations. The Authority will not, so long as any of the 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 the Indenture, as described above under the caption "Issuance of Additional Bonds."

(B) Refunding Bonds authorized pursuant to the Indenture, as described above under the caption "Issuance of Refunding Bonds."

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

(1) Such Parity 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 the issuance of the Bonds will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Authority to that effect;

(3) Such Parity Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds or (ii) the Authority shall have delivered to the Trustee a Certificate of the Authority, upon which the Trustee may conclusively rely certifying that the requirements set forth in the Indenture relating to the issuance of an additional Series of Bonds have been satisfied with respect to such Parity Obligations, which Certificate shall also set forth the computations upon which such Certificate is based; provided, however that if the Parity Obligation being issued or incurred consists of an Interest Rate Swap Agreement (excluding fees and expenses and termination payments on such Interest Rate Swap Agreement), the Authority shall be deemed to have complied with the requirements of the Indenture as described in this section, as evidenced by a Certificate of the Authority delivered to the Trustee, which Certificate shall also set forth the computations upon which such Certificate is based, the extent that the Series of Bonds to which the Interest Rate Swap Agreement relates (x) satisfies the requirements of the Indenture after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into concurrently with, or subsequent to, the issuance of such Bonds), or (y) is expected to satisfy the requirements of the Indenture after taking into account the adjustment of Debt Service on the Bonds to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into in advance of the issuance of such Bonds); and

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

(D) Subordinate Obligations, provided that the following conditions to 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 the issuance of the Bonds will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Authority to that effect;

(3) Such Subordinate Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds or (ii) the Authority shall deliver to the Trustee a Certificate of the Authority certifying that the lesser of (x) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (y) the estimated Sales Tax Revenues for the Fiscal Year in which such Subordinate Obligations are to be issued or incurred, shall have been, or will be, as applicable, at least equal to 1.0 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Subordinate

Obligations then proposed to be issued or incurred, which Certificate shall also set forth the computations upon which such Certificate is based; provided, however that if the Subordinate Obligation being issued or incurred consists of an Interest Rate Swap Agreement (excluding fees and expenses and termination payments on such Interest Rate Swap Agreement), the Authority shall be deemed to have complied with the foregoing requirements of the Indenture as described in this section, as evidenced by a Certificate of the Authority delivered to the Trustee, which Certificate shall also set forth the computations upon which such Certificate is based, to the extent that the Series of Bonds, Parity Obligations or Subordinate Obligations to which the Interest Rate Swap Agreement relates (x) satisfies the foregoing requirements of the Indenture as described above after taking into account the adjustment of Debt Service on the Bonds, Parity Obligations or Subordinate Obligations to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into concurrently with, or subsequent to, the issuance of such Bonds, Parity Obligations or Subordinate Obligations), or (y) is expected to satisfy the requirements of the Indenture as described in this paragraph after taking into account the adjustment of Debt Service on the Bonds or Subordinate Obligations to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into in advance of the issuance of such Bonds or Subordinate Obligations); and

(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) Fee and Expense Obligations.

Calculation of Maximum Annual Debt Service with Respect to Bonds and Parity Obligations. Maximum Annual Debt Service with respect to Bonds shall be determined 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. Maximum Annual Debt Service with respect to Parity Obligations shall be determined no later than the date of incurrence of such Parity Obligations utilizing the assumptions set forth in the definition of Debt Service; provided, however, that if a Parity Obligation is contingent upon funds being provided pursuant to such Parity Obligation to pay principal, or purchase price of, or interest on a Bond, such Parity Obligations shall not be considered outstanding until such payment is made thereunder.

### **Designation of Parity Obligations and Fee and Expense Obligations**

The obligation of the Authority to make payments required under the Initial Swaps (excluding fees and expenses and termination payments under the Initial Swaps) constitutes a Parity Obligation under the Indenture and the obligation of the Authority to pay fees and expenses and termination payments under the Initial Swaps constitutes a Fee and Expense Obligation under the Indenture. The Authority shall designate additional Parity Obligations, Subordinate Obligations or Fee and Expense Obligations in a Supplemental Master Indenture or a Certificate of the Authority delivered to the Trustee concurrently with the issuance or incurrence of such Parity Obligations, Subordinate Obligations or Fee and Expense Obligations.

### **Certain Covenants of the Authority**

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

the 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 the Indenture. The Authority will punctually pay or cause to be paid all Parity Obligations, Subordinate Obligations and Fee and Expense Obligations.

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 under the Indenture, to the benefits of the 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 described 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.

Against Encumbrances. The Authority will not create any pledge, lien or charge upon any of the Sales Tax Revenues having priority over or having parity with the lien of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations.

Collection of Sales Tax Revenues. The Authority covenants and agrees that it has duly levied the 2004 Measure A Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Authority and the electorate of the County of Sacramento. Said Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Authority will continue to levy and collect the 2004 Measure A Sales Tax to the full amount permitted by law. The Authority has entered into an agreement (the "2007 Agreement") with the State Board of Equalization under and pursuant to which the State Board of Equalization has agreed to process and supervise collection of the 2004 Measure A Sales Tax and transmit the Sales Tax Revenues directly to Deutsche Bank National Trust Company, as trustee under the Prior Indenture. The Authority covenants to amend the 2007 Agreement as soon as practicable to provide that the Sales Tax Revenues will be transmitted directly to the Trustee and until that amended agreement is in effect, Deutsche Bank National Trust Company agrees to deposit the Sales Tax Revenues received under the 2007 Agreement in accordance with the provisions of the Indenture. Said agreement with the State Board of Equalization (whether the 2007 Agreement or any amendment or replacement agreement) will be continued in effect so long as any of any Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid and shall not be further 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 Sales Tax Revenues paid to the Authority by the State Board of Equalization. Sales Tax Revenues received by the Trustee shall be transmitted to the Authority pursuant to the Indenture; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied in accordance with the provisions of the Indenture described below under the caption "Events of Default and Remedies – Application of Revenues and Other Funds After Default; No Acceleration.". 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. 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.

Continuing Disclosure. Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Authority covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate 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 Certificate shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriters 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 the Indenture.

## **Events of Default and Remedies**

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 Bond 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 Bond 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 the 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 Enhancement 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 Parity 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 voluntary bankruptcy or commences any similar proceeding 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 ordering relief under any applicable bankruptcy or insolvency law, or appointing a trustee or receiver of the Authority, or approving a bankruptcy petition filed against 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;

(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 180200 to 180207, inclusive, of the Public Utilities Code of the State unless the Authority has determined that said repeal or amendment does not materially and adversely affect the rights of Bondholders; or

(I) any Event of Default designated as such in a Supplemental Indenture.

Application of 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 the Indenture (excluding the Rebate Fund, any Letter of Credit Fund and any Purchase Fund and except as otherwise provided in the 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 Bonds and Parity 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 the Indenture;

(2) to the payment of the whole amount of Bond Obligation then due on the Bonds and amounts then due on Parity Obligations (upon presentation of the Bonds and Parity 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 the Indenture, with interest on such Bond Obligation, at the rate or rates of interest borne by the respective Bonds and on Parity 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 Bonds and Parity 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 and Parity Obligations at the rate borne by the respective Bonds and Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the Bonds and Parity 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) or other amounts due on such date to the persons entitled thereto, without any discrimination or preference;

(3) to the payment of Subordinate Obligations, provided that if the amount available shall not be sufficient to pay in full all Subordinate Obligations due on any date, then to the payment thereof ratably, according to the amounts due on such date to the persons entitled thereto, without any discrimination or preference;

(4) to the payment of Fee and Expense Obligations, provided that, if the amount available shall not be sufficient to pay in full all Fee and Expense Obligations due on any date, then to the payment thereof ratably, according to the amounts due on such date to the persons entitled thereto, without any discrimination or preference; and

(5) to the payment of all other obligations payable under the Indenture.

Notwithstanding anything to the contrary in the Indenture, in no event are the Bonds subject to acceleration if an Event of Default occurs and is continuing except that Liquidity Facility Bonds are subject to acceleration as set forth in the Liquidity Facility.

Trustee to Represent Bondholders. The Trustee is 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, the Indenture, the Act 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 Bonds for which a Credit Enhancement has been provided, upon the written request of the Credit Enhancement Provider providing such Credit Enhancement, or if such Credit Enhancement Provider is then failing to make a payment required pursuant to such Credit Enhancement, upon the written request of the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds 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 the Indenture, the Act 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 the 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 Enhancement Provider providing such Credit Enhancement. All rights of action under the 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 the Indenture.

Bondholders' Direction of Proceedings. Anything in the Indenture to the contrary (except provisions relating to the rights of a Credit Enhancement Provider to direct proceedings as set forth in the Indenture as described below) notwithstanding, the Holders of a majority in aggregate amount of Bond Obligation of the Bonds 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 under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the 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 Parity Obligations not parties to such direction.

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 the Indenture, the Act 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 granted by the Indenture 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 Enhancement 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 Enhancement 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 declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture 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 the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Act 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 the Indenture.

Credit Enhancement 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 in the Indenture, the Credit Enhancement Provider then providing Credit Enhancement for any Series of Bonds shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Bonds secured by such Credit Enhancement or granted to the Trustee for the benefit of the Holders of the Bonds secured by such Credit Enhancement, provided that the Credit Enhancement Provider's consent shall not be required as otherwise provided herein if such Credit Enhancement Provider is in default of any of its payment obligations as set forth in the Credit Enhancement provided by such Credit Enhancement Provider.

### **Modification or Amendment to the Indenture**

Amendments Permitted With Consent of Holders. The Indenture and the rights and obligations of the Authority, the Holders of the Bonds and the Trustee may be modified or amended 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; provided 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. The Credit Enhancement Provider for a Series of Bonds shall be deemed to be the Holder of such Series for all purposes of the Indenture except the payment of principal of and interest on the Bonds.

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 the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (in each case, except as

expressly provided in the 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, 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.

Amendments Permitted Without Consent of Holders. The 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 by a Supplemental Indenture, which the Authority and the Trustee may enter without the consent of any Bondholders, but only to the extent permitted by the Act and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority in the 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 the Indenture, or in regard to matters or questions arising under the 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 the Indenture in such manner as to permit the qualification of the Indenture 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 of the Indenture;

(5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Build America Bonds, Capital Appreciation Bonds, Parity Obligations, Subordinate Obligations, Fee and Expense 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 the Indenture relating to the Issuance of Additional Bonds or Issuance of Refunding Bonds;

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

(10) 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;

(11) 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;

(12) to modify, alter, amend or supplement the Indenture in any other respect, including amendments that would otherwise be described in the Indenture as described above under the caption “Amendments Permitted With Consent of Holders,” 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 the 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 the Indenture or if all Bonds affected thereby are in an auction mode and a successful auction is held following notice of such amendment; and

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

Any Supplemental Indenture entered into pursuant to the Indenture as described in 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 Enhancement Provider shall have given its written consent to such Supplemental Indenture.

## **Defeasance**

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 the Indenture as described below under the caption “Deposit of Money or Securities”) 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 also pay or cause to be paid all other sums payable and to be payable under the Indenture (including any termination payment payable under an Interest Rate Swap Agreement) and under any Parity Obligations, Subordinate Obligations and Fee and Expense Obligations 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 the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Sales Tax Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the 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 the 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.

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 the Indenture as described in the next section) 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 provided in the Indenture 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 after any required notice is provided 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 any 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 to the contrary, if the principal of or interest on a Series of Bonds shall be paid by a Credit Enhancement 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 in the Indenture and the obligations of the Authority under the Indenture shall not be discharged and shall continue to exist and to run to the benefit of such Credit Enhancement Provider, and such Credit Enhancement Provider shall be subrogated to the rights of the Holders of the Bonds of such Series.

Deposit of Money or Securities. Whenever in the 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 the 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 provided in the Indenture 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) Investment Securities described in clause (A) of the definition thereof 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 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 provided in the Indenture 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 the 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.

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 the 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 to the Authority free from the trusts created by the 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.

### **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 the 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 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 the Indenture and the Trustee may conclusively rely on such certificate.

### **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 contained in the Indenture 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 the Indenture.



## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

**The following information concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from sources that the Authority and the Underwriters believe to be reliable, but neither the Authority nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Official Statement and in APPENDIX C – “Summary of Certain Provisions of the Indenture.”**

The information concerning DTC set forth herein has been supplied by DTC, and the Authority and the Underwriters assume no responsibility for the accuracy thereof.

Unless a successor securities depository is designated pursuant to the Indenture, DTC acts as Securities Depository for the Series 2023 Bonds. The Series 2023 Bonds were delivered 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 Series 2023 Bond will be delivered for each maturity of the Series 2023 Bonds and deposited with DTC.

**DTC and Its Participants.** DTC, the world’s largest depository, 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 corporation” 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 transfer 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 and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

**Purchase of Ownership Interests.** Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2023 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 Series 2023 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 Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 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 Series 2023 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 Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities 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.

**Notices and Other Communications.** 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. THE AUTHORITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2023 BONDS.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within an issue 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.

**Voting Rights.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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 Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Redemption Proceeds.** Payments of principal and interest with respect to the Series 2023 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 on interest payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the interest payment date. Payments by 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 nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of 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.

THE TRUSTEE AND THE AUTHORITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2023 BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF SERIES 2023 BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED

BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE SERIES 2023 BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE SERIES 2023 BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2023 BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2023 BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2023 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE SERIES 2023 BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2023 BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION “TAX MATTERS” HEREIN)

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2023 Bonds, payment of principal and interest with respect to the Series 2023 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial owner interest in such Series 2023 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

**Discontinuance of Book-Entry System.** DTC may discontinue providing its services as securities depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2023 Bonds are required to be printed and delivered as described in the Indenture.

The Authority may decide to discontinue use of the system of book entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Series 2023 Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15<sup>th</sup> day after the Trustee’s receipt of such request.

## APPENDIX E

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[ ], 2023

Sacramento Transportation Authority  
Sacramento, California

Sacramento Transportation Authority  
Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of \$[PAR] aggregate principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Bonds”), issued pursuant to an indenture, dated as of September 1, 2009 (as supplemented and amended, including by the Eighth Supplemental Indenture, dated as of [DATE], 2023, the “Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by the Authority; opinions of counsel to the Authority and the Trustee; certificates of the Authority, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of

judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of all amounts owing on the Bonds, of the Revenues and any other amounts held by the Trustee pursuant to the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds) subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX F

### PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of \_\_\_\_\_, 2023, is executed and delivered by the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of its Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (the “Bonds”). The Bonds were issued pursuant to an Indenture, dated as of September 1, 2009 (the “Original Indenture”), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of [DATE], 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." Pursuant to the Indenture, the Authority covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

“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.

“Disclosure Representative” shall mean the designee of the Authority to act as the Disclosure Representative.

“Dissemination Agent” shall mean an entity selected and retained by the Authority, or any successor thereto selected by the Authority. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association, as trustee under the Indenture.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“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 Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriters” shall mean the Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“SEC” shall mean the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, not later than 270 days after the end of the Authority’s fiscal year, commencing with the fiscal year ending June 30, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent. The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice 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) (if the Dissemination Agent is other than the Authority), to the extent appropriate information is available to it, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, the filing of the Annual Report due after the Annual Report for fiscal year ending June 30, 2018 shall be made in accordance with the MSRB’s EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Authority’s 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 Authority's 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 final Official Statement relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update (as of the most recently ended fiscal year of the Authority) for the table entitled "Sacramento Transportation Authority Historical 1988 Measure A and 2004 Measure A Sales Tax Revenues" set forth in the Official Statement under the caption "THE SALES TAX – Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues."

(c) A summary of all Bonds and Parity Obligations Outstanding as of the most recently ended fiscal year of the Authority.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), 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 Significant Events.

(a) Pursuant to the provisions of this paragraph 5, the Authority shall provide (or cause to be provided) notice to the MSRB of the occurrence of any of the following events numbered 1-18 with respect to Bonds in a timely manner but not later than ten business days after the occurrence of the event. The notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (4) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (5) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or issuance of adverse tax opinions;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person.



Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. 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 Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental 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 Obligated Person.

- (10) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of Bonds or other material events affecting the tax status of Bonds;
- (11) Modifications to rights of Bondholders;
- (12) Bond calls;
- (13) Release, substitution, or sale of property securing repayment of Bonds;
- (14) Non-payment related defaults;
- (15) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;
- (16) Appointment of a successor or additional trustee or the change of name of a trustee;
- (17) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; or
- (18) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

*Note:*

- (a) *The Authority has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit providers for the Bonds.*
- (b) *Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Specified Event within the meaning of the Rule.*

(b) The Authority shall provide (or cause to be provided) to the MSRB notice of the occurrence of any of the events listed in subsections 10-16 of paragraph 5(a) with respect to the Bonds, if material in a timely manner but not later than ten business days after the occurrence of the event. Such

notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

(c) For purposes of the events described in subsection (17) and subsection (18) of paragraph 5(a) above, the term “financial obligation” means 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 to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) The Authority acknowledges that it must make a determination whether a Specified Event listed in subsections 10-16 of paragraph 5(a) is material under applicable federal securities laws in order to determine whether a filing is required under subsections 10-16 of paragraph 5.

SECTION 6. Termination of Reporting Obligation. The obligations of the Authority and the Dissemination Agent under this Disclosure Certificate 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(a) hereof.

SECTION 7. 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 Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days’ notice in writing to the Authority.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, 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 connection with 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 Distract, the Bondholders, 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SACRAMENTO  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_

Receipt Acknowledged By:  
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
AS DISSEMINATION AGENT

By: \_\_\_\_\_

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Transportation Authority

Name of Bond Issue: \$ \_\_\_\_\_ Sacramento Transportation Authority Measure A Sales  
Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds)

Date of Initial Issuance: \_\_\_\_\_, 2023

NOTICE IS HEREBY GIVEN that the Sacramento Transportation Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture, dated as of September 1, 2009 (the "Original Indenture"), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of [DATE], 2023 (the "Eighth Supplemental Indenture"), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." The Authority anticipates that the Annual Report will be filed by U.S. Bank Trust Company, National Association.

Dated:

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of the Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

cc: Sacramento Transportation Authority

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EIGHTH SUPPLEMENTAL INDENTURE

between

SACRAMENTO TRANSPORTATION AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee

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Dated as of [MONTH] 1, 2023

---

Relating To

[\$[PAR]]  
SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023  
(LIMITED TAX BONDS)

(Supplementing the Indenture, dated as of September 1, 2009,  
as previously supplemented and amended)

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## EIGHTH SUPPLEMENTAL INDENTURE

This EIGHTH SUPPLEMENTAL INDENTURE, dated as of [MONTH] 1, 2023 (this “Eighth Supplemental Indenture”), between the SACRAMENTO TRANSPORTATION AUTHORITY, a local transportation authority duly established and existing under the laws of the State of California (the “Issuer”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as successor trustee (the “Trustee”);

### WITNESSETH:

WHEREAS, this Eighth Supplemental Indenture is supplemental to the Indenture, dated as of September 1, 2009 (the “Original Indenture” as supplemented and amended from time to time pursuant to its terms, including by this Eighth Supplemental Indenture, the “Indenture”), between the Issuer and the Trustee;

WHEREAS, capitalized terms used herein and not defined shall have the meanings assigned to them in the Indenture;

WHEREAS, the Indenture provides that the Issuer 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, in accordance with the Act and Section 3.01 of the Indenture, the Issuer has determined to issue the Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Series 2023 Bonds”), in the aggregate principal amount of \$[PAR], for the purpose of providing funds to refund the Refunded Bonds (as defined herein) and pay the costs of early termination of the Swap Transactions (as defined herein), as provided in this Eighth Supplemental Indenture;

WHEREAS, the execution and delivery of this Eighth Supplemental Indenture has in all respects been duly and validly authorized by a resolution duly passed and approved by two-thirds vote of the governing board of the Issuer as required by Section 180252 of the Act; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed necessary to make the Series 2023 Bonds, when duly executed by the Issuer and authenticated and delivered by the Trustee, valid and binding limited obligations of the Issuer payable in accordance with their terms, and to constitute this Eighth Supplemental Indenture a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its conditions and terms, do exist, have happened and have been performed in the time, form and manner required by law, and the execution and entering into of this Eighth Supplemental Indenture and the execution and delivery of the Series 2023 Bonds, subject to the terms hereof, have been in all respects duly authorized;

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on the Series 2023 Bonds executed, authenticated and delivered hereunder according to

their tenor, and to secure the performance and observance of all the agreements, conditions, covenants and terms set forth therein and herein, and to declare the conditions and terms upon and subject to which the Series 2023 Bonds will be executed, authenticated and delivered, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2023 Bonds by the Holders thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Issuer does hereby agree and covenant with the Trustee, for the benefit of the Holders from time to time of the Series 2023 Bonds, as follows:

## ARTICLE XLIII

### DEFINITIONS; AMENDMENTS TO INDENTURE

SECTION 43.01. Definitions. All terms which are defined in Section 1.02 of the Indenture shall (except as otherwise provided herein) have the same definitions, respectively, in this Eighth Supplemental Indenture that are given to such terms in Section 1.02 of the Indenture.

SECTION 43.02. Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Eighth Supplemental Indenture, have the following meanings:

“BofA” means Bank of America, N.A.

“BofA Swap Agreement” means, collectively, (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by the First Amendment, dated as of December 14, 2017, each between the Issuer and BofA; (ii) the ISDA U.S. Municipal Counterparty Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and BofA; and (iv) the Confirmation No. 4847090, dated October 18, 2006.

“BofA Swap Transaction” means the trade documented by and related to the BofA Swap Agreement.

“Goldman” means Goldman Sachs Capital Markets, L.P.

“Goldman Swap Agreement” means, collectively, (i) the ISDA Master Agreement, dated as of October 18, 2006, as amended by an Amendment, dated as of December 15, 2017, each between the Issuer and Goldman; (ii) the ISDA U.S. Municipal Counterparty Schedule, dated as of October 18, 2006, between the Issuer and Goldman, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of October 18, 2006, between the Issuer and Goldman; (iv) Guaranty, dated November 17, 2006, by Goldman Sachs Group, Inc., and (v) Confirmation No. 00665856101, dated October 18, 2006.

“Goldman Swap Transaction” means the trade documented by and related to the Goldman Swap Agreement.

“JPM” means JPMorgan Chase Bank, N.A.

“JPM Swap Agreement” means, collectively, (i) the ISDA Master Agreement, dated as of October 18, 2006, between the Issuer and Bear Stearns Financial Products Inc., and assigned to JPM pursuant to an Assignment Agreement, dated as of April 14, 2009, (ii) the ISDA Amended and Restated U.S. Municipal Counterparty Schedule, dated as of December 28, 2017, between the Issuer and JPM, (iii) the ISDA Credit Support Annex to the Schedule to the Master Agreement, dated as of December 28, 2017, between the Issuer and JPM; and (iv) Second Amended and Restated Confirmation No. 0500007012708, dated December 28, 2017.

“JPM Swap Transaction” means the trade documented by and related to the JPM Swap Agreement.

“Refunded Bonds” means, collectively, the Series 2009C Bonds, the Series 2014A Bonds and the Series 2015A Bonds.

“Series 2009C Bonds” means the Issuer’s Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) issued by the Issuer in the original aggregate principal amount of \$106,100,000.

“Series 2014A Bonds” means the Issuer’s Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) issued by the Issuer in the original aggregate principal amount of \$106,100,000.

“Series 2015A Bonds” means the Issuer’s Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds) issued by the Issuer in the original aggregate principal amount of \$106,100,000.

“Swap Transactions” means, collectively, the BofA Swap Transaction, the JPM Swap Transaction and the Goldman Swap Transaction.

SECTION 43.03. Amendments to Indenture. For all purposes of the Indenture and of any Supplemental Indenture, including this Eighth Supplemental Indenture, and of any certificate, opinion or other document therein mentioned, Section 1.02 of the Indenture is hereby amended and supplemented pursuant to Section 9.01(A) as follows:

- (A) The definition “One Month USD LIBOR Rate” is hereby deleted in its entirety.
- (B) The definition “SOFR Index” is hereby added as follows:

“SOFR Index” means, for any day, the one-month forward looking secured overnight financing rate as administered by the CME Group Benchmark Administration Limited (CBA) (or a successor administrator selected by the Authority).

- (C) Paragraph (D) of the definition of Debt Service is hereby amended as follows (with deletions bracketed and struck through and additions bolded and underlined):

(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%~~] **110%** of the average [~~One Month USD LIBOR Rate~~] **SOFR Index** during the [~~five (5) years preceding such date of~~] **twelve (12) months ending with the month preceding the month in which the calculation is made** or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

SECTION 43.04. Bondholder Consent to Amendment. By their purchase of the Series 2023 Bonds, the original purchasers and all subsequent Holders of the Series 2023 Bonds and the Beneficial Owners of the Series 2023 Bonds (i) irrevocably consent to, and shall be deemed to have irrevocably consented to, and have approved, the amendment described in Section 43.03 of the Indenture, and (ii) waive, and be deemed to have waived, and consented to any and all other formal notice, implementation, execution or timing requirements that may otherwise be required under the Indenture in order to implement the amendments to the Indenture contemplated by the Eighth Supplemental Indenture. Any such consent and waiver will be effective on the Effective Date (as defined in Section 43.05 herein), will be binding on any subsequent purchaser of any Series 2023 Bonds and the Beneficial Owners of the Series 2023 Bonds, and may not be revoked after the issuance of the Series 2023 Bonds.

SECTION 43.05. Effectiveness of Amendment. The amendment described in Section 43.03 of the Indenture shall become effective on the date (the “Effective Date”) which is the later of the receipt of: (i) the consent of Holders of a majority in aggregate principal amount of Bonds and (ii) the date on which the Issuer and the Trustee receive consents to such amendment from each Liquidity Provider and each Counterparty.

## ARTICLE XLIV

### FINDINGS AND DETERMINATIONS

SECTION 44.01. Findings and Determinations. The Issuer hereby finds and determines that the Series 2023 Bonds shall be issued pursuant to Section 3.01 and upon the issuance of the Series 2023 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 44.02. Recital in Bonds. There shall be included in each of the definitive Series 2023 Bonds, and also in each of the temporary Series 2023 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 Series 2023 Bond, and in the issuing of that Series 2023 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 Series 2023 Bond, together with all other indebtedness of the Issuer 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 Series 2023 Bond attached hereto as Exhibit A.

SECTION 44.03. Effect of Findings and Recital. From and after the issuance of the Series 2023 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 Series 2023 Bonds is at issue.

SECTION 44.04. Series 2023 Bonds are not Participating Bonds. The Series 2023 Bonds are not Participating Bonds under the Indenture.

## ARTICLE XLV

### AUTHORIZATION OF SERIES 2023 BONDS

SECTION 45.01. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$[PAR]. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds).”

SECTION 45.02. Purpose and Application of Proceeds and Other Moneys. The Series 2023 Bonds are issued to provide for the refunding of all of the Refunded Bonds and the payment of costs associated with the early termination of the Swap Transactions. The proceeds from the sale of the Series 2023 Bonds in the amount of \$[ ] (comprised of \$[PAR] aggregate principal amount, [plus/less] [net] original issue [premium/discount] of \$[ ] and less an underwriters’ discount of \$[ ]), [together with \$[ ] from the Interest Funds relating to the Refunded Bonds], shall be deposited with the Trustee, and shall be held in trust and set aside or transferred by the Trustee as follows:

(A) \$[ ] shall be transferred to the Redemption Fund and (i) \$[ ] shall be used to redeem the Series 2009C Bonds on the date of delivery of the Series 2023 Bonds (also referred herein as the “Redemption Date”), (ii) \$[ ] shall be used to redeem the Series 2014A Bonds on the Redemption Date, and (iii) \$[ ] shall be used to redeem the Series 2015A Bonds on the Redemption Date;

(B) \$[ ] shall be deposited with the Trustee and transferred by the Trustee to the Series 2023 Costs of Issuance Fund, a segregated fund established pursuant to Section 45.07;

(C) [ ] shall be deposited with the Trustee and transferred by the Trustee to BofA pursuant to instructions provided by the Issuer for the payment of the termination payment of the BofA Swap Transaction;

(D) [ ] shall be deposited with the Trustee and transferred by the Trustee to JPM pursuant to instructions provided by the Issuer for the payment of the termination payment of the JPM Swap Transaction; and

(E)  shall be deposited with the Trustee and transferred by the Trustee to Goldman pursuant to instructions provided by the Issuer for the payment of the termination payment of the Goldman Swap Transaction.

The Trustee may establish a temporary fund or account in its records to facilitate and record such deposit and transfer.

SECTION 45.03. Form, Denomination and Interest.

(A) The Series 2023 Bonds shall be issued as fully registered bonds in the denominations of \$5,000 or integral multiples thereof. The Series 2023 Bonds shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, and shall be evidenced by one Series 2023 Bond for each of the maturity dates as set forth below in this Section 45.03 in a denomination corresponding to the total principal amount of the Series 2023 Bonds to mature on such date. Each Series 2023 Bond shall be assigned a distinctive number or letter or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the Series 2023 Bonds, or any portion thereof, may thereafter be transferred as set forth in Section 2.05 of the Indenture.

(B) The Series 2023 Bonds shall be of the tenor known as Current Interest Bonds.

(C) Interest on the Series 2023 Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

(D) The principal of and premium, if any, on the Series 2023 Bonds shall be payable when due upon presentation and surrender thereof at the Corporate Trust Office of the Trustee in lawful money of the United States of America.

(E) The Series 2023 Bonds shall be dated as of their date of issuance, shall bear interest from that date at the following rates per annum and shall mature on October 1 in the following years in the following amounts:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
<u>October 1</u>	<u>Amount</u>	<u>Rate</u>
<input type="checkbox"/>	\$ <input type="checkbox"/>	<input type="checkbox"/> %

(F) Interest on the Series 2023 Bonds shall be payable on [October 1, 2023] and semiannually thereafter on April 1 and October 1 of each year by check mailed by first-class mail on each interest payment date to the Holder thereof as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month immediately preceding such interest payment date (whether or not the 15<sup>th</sup> day is a business day) (the “Record Date”); provided, however, that Holders of at least \$1,000,000 in aggregate principal amount of Series 2023 Bonds may, at any time prior to a Record Date, give the Trustee written instructions for payment of such interest on each succeeding interest payment date by wire transfer.

SECTION 45.04. Redemption of the Series 2023 Bonds.

(A) Optional Redemption. The Series 2023 Bonds maturing on and after October 1, 20[ ] are subject to redemption prior to their respective stated maturities, at the option of the Issuer, from any source of available funds, on any date on or after October 1, 20[ ], as a whole, or in part by such maturity or maturities as may be specified by Request of the Issuer (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

(B) Selection of Bonds for Optional Redemption. The Issuer shall designate which maturities of any Series 2023 Bonds are to be called for optional redemption pursuant to subsection (A) above. If less than all Series 2023 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2023 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Issuer in writing of the numbers of the Series 2023 Bonds so selected for redemption. For purposes of such selection, Series 2023 Bonds 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 Issuer may designate the Mandatory Sinking Account Payments under subsection (E), or portions thereof, that are to be reduced as allocated to such redemption.

(C) Sufficient Funds Required for Optional Redemption. Any optional redemption of Series 2023 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 Series 2023 Bonds called for redemption.

(D) Notice of Optional Redemption. Notice of redemption of the Series 2023 Bonds shall be provided in accordance with, and subject to, the provisions of Section 4.02; provided that, solely with respect to the Series 2023 Bonds, such notice shall be mailed by the Trustee not less than twenty (20) nor more than sixty (60) days prior to the redemption date.

(E) Mandatory Sinking Account Redemption. The Series 2023 Bonds that are Term Bonds are subject to mandatory redemption from Mandatory Sinking Account Payments for the Series 2023 Bonds, on each date a Mandatory Sinking Account Payment for the Series 2023 Bonds 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 Series 2023 Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

Series 2023 Bonds due 20[ ]			
Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment	Mandatory Sinking Account Payment Date (October 1)	Mandatory Sinking Account Payment

[ ]

[\$ ]

[ ]

[\$ ]

\* Final Maturity

(F) Selection of Bonds for Mandatory Sinking Account Redemption. If less than all Series 2023 Bonds 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 Series 2023 Bonds of such maturity date to be redeemed by lot in any manner that it deems appropriate, provided that the Trustee shall promptly notify the Issuer in writing of the numbers of the Series 2023 Bonds so selected for redemption. For purposes of such selection, Series 2023 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

(G) Purchase In Lieu of Redemption. The Issuer reserves the right at all times to purchase any of its Series 2023 Bonds on the open market. In lieu of mandatory redemption, the Issuer may surrender to the Trustee for cancellation Series 2023 Bonds purchased on the open market, and such Series 2023 Bonds shall be cancelled by the Trustee. If any Series 2023 Bonds are so cancelled, the Issuer may designate the Mandatory Sinking Account Payments or portions thereof within the Series 2023 Bonds so purchased that are to be reduced as a result of such cancellation.

SECTION 45.05. Form of Series 2023 Bonds. The Series 2023 Bonds and the certificate of authentication to be executed thereon shall be in substantially the form set forth as Exhibit A to this Eighth Supplemental Indenture.

SECTION 45.06. Issuance of Series 2023 Bonds. At any time after the execution and delivery of this Eighth Supplemental Indenture, the Issuer may execute and the Trustee shall authenticate and deliver the Series 2023 Bonds upon the Order of the Issuer.

SECTION 45.07. Establishment and Application of Series 2023 Costs of Issuance Fund.

(A) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2023 Costs of Issuance Fund." The moneys deposited in the Series 2023 Costs of Issuance Fund shall be used and withdrawn by the Issuer to pay the Costs of Issuance of the Series 2023 Bonds. All investment earnings on funds held in such separate fund shall be deposited in the Series 2023 Costs of Issuance Fund unless the Issuer instructs the Trustee to deposit such investment earnings or a portion thereof in the Revenue Fund or the Rebate Fund.

(B) Before any payment from the Series 2023 Costs of Issuance Fund shall be made by the Trustee, the Issuer shall file or cause to be filed with the Trustee a Requisition of the Issuer, such Requisition of the Issuer to be in substantially such form as is set forth in Exhibit B hereto. Upon issuance of each such Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Series 2023 Costs of Issuance Fund. The Trustee and the Issuer shall retain a record of the Requisitions from the Series 2023 Costs of Issuance Fund.

(C) Any amounts remaining in the Series 2023 Costs of Issuance Fund one hundred eighty (180) days after the date of issuance of the Series 2023 Bonds shall be transferred to the Interest



Fund established in accordance with Section 5.02, in respect of the Series 2023 Bonds, and the Series 2023 Costs of Issuance Fund shall be closed.

SECTION 45.08. Continuing Disclosure. The Issuer covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of issuance of the Series 2023 Bonds (the “Continuing Disclosure Certificate”), executed by the Issuer. Notwithstanding any other provision of the Indenture, failure of the Issuer to comply with the Continuing Disclosure Certificate 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 the Series 2023 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 Issuer to comply with its obligations under this Section.

## ARTICLE XLVI

### MISCELLANEOUS PROVISIONS

SECTION 46.01. Terms of Series 2023 Bonds Subject to the Indenture. Except as in this Eighth Supplemental Indenture expressly provided, every term and condition contained in the Indenture shall apply to this Eighth Supplemental Indenture and to the Series 2023 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Eighth Supplemental Indenture.

This Eighth Supplemental Indenture and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

SECTION 46.02. Effective Date of Eighth Supplemental Indenture. This Eighth Supplemental Indenture shall take effect upon its execution and delivery.

SECTION 46.03. Execution in Counterparts and Electronic Signatures. This Eighth 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. Each of the parties hereto agrees that the transaction consisting of this Eighth Supplemental Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party’s intent, that if such party signs this Eighth Supplemental Indenture using an electronic signature, it is signing, adopting, and accepting this Eighth Supplemental Indenture and that signing this Eighth Supplemental Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Eighth Supplemental Indenture on paper. Each party acknowledges

that it is being provided with an electronic or paper copy of this Eighth Supplemental Indenture in a usable format.

*[Signature page follows]*

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

SACRAMENTO TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

ATTEST:

By: \_\_\_\_\_  
Clerk

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Trustee

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

**EXHIBIT A**

**[FORM OF SERIES 2023 BOND]**

No. R-\_\_\_ \$ \_\_\_\_\_

SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX REVENUE REFUNDING BOND,  
SERIES 2023  
(LIMITED TAX BONDS)

<u>Maturity Date</u>	<u>Interest Rate Per Annum</u>	<u>Dated Date</u>	<u>CUSIP</u>
October 1, ___	_____%	[ ] [ ], 2023	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

SACRAMENTO TRANSPORTATION AUTHORITY, a local transportation authority organized and existing under and pursuant to the laws of the State of California (the “Issuer”), for value received, hereby promises to pay to the registered owner named above or registered assigns, on the Maturity Date specified above, the Principal Amount specified above, together with interest thereon from the Dated Date specified above until the principal hereof shall have been paid, at the Interest Rate Per Annum specified above, payable on [October 1, 2023], and semiannually thereafter on April 1 and October 1 in each year. Interest hereon is payable in lawful money of the United States of America by check mailed by first-class mail on each interest payment date to the registered owner as of the close of business on the 15<sup>th</sup> day of the calendar month immediately preceding such interest payment date (whether or not the 15<sup>th</sup> day is a business day) (the “Record Date”); provided, however, that owners of at least \$1,000,000 aggregate principal amount of the Series 2023 Bonds (as defined herein) may, at any time prior to a Record Date, give the Trustee (as defined herein) written instructions for payment of such interest on each succeeding interest payment date by wire transfer. The principal hereof is payable when due upon presentation hereof at the Corporate Trust Office (as such term is defined in the Indenture, dated as of September 1, 2009 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Issuer and the Trustee) of U.S. Bank Trust Company, National Association, as trustee (together with any successor as trustee under the Indenture, the “Trustee”), in lawful money of the United States of America. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

This Bond is one of a duly authorized issue of Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds (Limited Tax Bonds) (the “Bonds”) of the series and designation indicated above and is a Current Interest Bond. Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in the Indenture, 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, all issued or to be issued pursuant to the provisions

of the Local Transportation Authority and Improvement Act, constituting Division 19 of the California Public Utilities Code, as amended from time to time (the “Act”) and the Indenture. This Bond is issued pursuant to the Indenture, as supplemented by a Eighth Supplemental Indenture thereto (the “Eighth Supplemental Indenture”), dated as of [MONTH] 1, 2023, between the Issuer and the Trustee, authorizing the issuance of the Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Series 2023 Bonds”). This Bond is being issued on a parity with certain other Bonds issued pursuant to the Indenture and certain Parity Obligations incurred in accordance with the provisions of the Indenture. Certain additional Bonds may be issued and other obligations may be secured on a parity with this Bond, but only subject to the conditions and limitations set forth in the Indenture.

Reference is hereby made to the Indenture and to the Act for a description of the terms on which the Bonds (including the Series 2023 Bonds) are issued and to be issued, the provisions with regard to the nature and extent of the security for the Bonds (including the Series 2023 Bonds), the rights of the registered owners of the Bonds (including the Series 2023 Bonds) and the rights and obligations of the Issuer thereunder; and all the terms of the Indenture and the Act are hereby incorporated herein and constitute a contract between the Issuer and the registered owners from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by such owners’ acceptance hereof, consents and agrees.

The Bonds (including the Series 2023 Bonds) and the interest thereon (to the extent set forth in the Indenture), together with the Parity Obligations heretofore or hereafter issued or incurred by the Issuer, and the interest thereon, are payable from, and are secured by a charge and lien on the Sales Tax Revenues (as defined in the Indenture). All of the Bonds (including the Series 2023 Bonds) and Parity Obligations are equally secured by a pledge of, and charge and lien upon, all of the Revenues (as defined in the Indenture), and the Revenues constitute a trust fund for the security and payment of the interest on and principal of the Bonds (including the Series 2023 Bonds); but nevertheless out of Revenues certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds (including the Series 2023 Bonds) are limited obligations of the Issuer and are payable solely, both as to principal and interest and as to any premiums upon the redemption thereof, from the Revenues and certain funds held by the Trustee under the Indenture and the Issuer is not obligated to pay the Bonds (including the Series 2023 Bonds) except from such Revenues and such funds. The general fund of the Issuer is not liable, and the credit or taxing power (other than as described above) of the Issuer is not pledged, for the payment of the Bonds (including the Series 2023 Bonds) or their interest. The Bonds (including the Series 2023 Bonds) are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Issuer or any of its income or receipts, except the Revenues and certain funds held under the Indenture.

This Bond is subject to optional and mandatory redemption prior to its stated maturity date as described in the Indenture. This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and

cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, of the same Series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange herefor.

By their purchase of the Series 2023 Bonds, the original purchasers and all subsequent Holders of the Series 2023 Bonds and the Beneficial Owners of the Series 2023 Bonds irrevocably consent to, and shall be deemed to have irrevocably consented to, and have approved, the amendment described in Section 43.03 of the Indenture.

The Issuer, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Issuer and of the holders and registered owners of the Bonds (including the Series 2023 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 owners of Bonds (including the Series 2023 Bonds).

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, do 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 that this Bond, together with all other indebtedness of the Issuer pertaining to the Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or 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, SACRAMENTO TRANSPORTATION AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the Chairperson of its Governing Board and the Auditor-Controller of the Issuer and countersigned by the facsimile signature of its Clerk and this Bond to be dated as of the Dated Date set forth above.

SACRAMENTO TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Chairperson

By: \_\_\_\_\_  
Auditor-Controller

Attested:

By: \_\_\_\_\_  
Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture and authenticated on the date set forth below.

Dated: \_\_\_\_\_.

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Trustee

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



[FORM OF ASSIGNMENT]

For value received, \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ the within Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the Issuer at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

[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.

**EXHIBIT B**

**FORM OF SERIES 2023 COSTS OF ISSUANCE FUND REQUISITION**

**Requisition No. \_\_\_\_\_**

**Series 2023 Costs of Issuance Fund**

The undersigned, hereby certifies as follows:

1. I am [Name], [Title], an Authorized Representative of the Sacramento Transportation Authority, a local transportation authority duly organized and existing under and pursuant to the laws of the State of California ( the “Issuer”).

2. Pursuant to the provisions of the Indenture, dated as of September 1, 2009 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), I am delivering this Requisition on behalf of the Issuer. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

3. The undersigned hereby requests that the Trustee pay from the Series 2023 Costs of Issuance Fund created pursuant to Section 45.07 of the Indenture the amounts specified in Schedule I hereto to the persons identified in Schedule I.

4. The undersigned, acting on behalf of the Issuer, hereby certifies that: (a) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the Issuer and are presently due and payable; (b) each item is a proper charge against the Series 2023 Costs of Issuance Fund; and (c) each item has not been previously paid from the Series 2023 Costs of Issuance Fund.

Dated: \_\_\_\_\_.

SACRAMENTO TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_  
Authorized Representative

**SCHEDULE I TO REQUISITION NO. \_\_\_\_\_**

<u>Name and Address of Party to be Paid</u>	<u>Payment Amount</u>	<u>Nature of Expenditure</u>	<u>Payment Instructions</u>
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**[/PAR]  
SACRAMENTO TRANSPORTATION AUTHORITY  
MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2023  
(LIMITED TAX BONDS)**

**BOND PURCHASE CONTRACT**

[•], 2023

Sacramento Transportation Authority  
801 12<sup>th</sup> Street, 5<sup>th</sup> Floor  
Sacramento, California 95814

Ladies and Gentlemen:

BofA Securities, Inc. (the “*Representative*”), on behalf of itself and as representative of Wells Fargo Bank, National Association, and Siebert Williams Shank & Co., LLC (collectively, the “*Underwriters*”), hereby offers to enter into this Bond Purchase Contract with the Sacramento Transportation Authority (the “*Issuer*”), which, upon the Issuer’s acceptance hereof, will be binding upon the Issuer and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Contract by the Issuer and the delivery of such acceptance to the Representative or its attorney at or prior to 6:00 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer.

The Underwriters have designated the Representative to act as their representative, and the Representative hereby represents that it is duly authorized to execute this Bond Purchase Contract for and on behalf of the Underwriters and to act hereunder by and on behalf of the Underwriters.

1. Definitions. All capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture, as defined below. Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“2004 Measure A Sales Tax” shall have the meaning as defined in the Bond Resolution.

“Bonds” shall mean \$[/PAR] Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds).

“Bond Purchase Contract” shall mean this Bond Purchase Contract.

“Bond Resolution” shall mean Resolution No. STA 23-[•] adopted by the Issuer on June [•], 2023.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Issuer is legally authorized to close.

“Closing Date” shall have the meaning given such term in Section 7 hereof.

“Closing Time” shall mean the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate dated July [•], 2023, between the Issuer and the Trustee, as dissemination agent.

“County” shall mean the County of Sacramento.

“End of the Underwriting Period” shall have the meaning set forth in Section 8(p) hereof.

“Indenture” shall mean the Indenture, dated as of September 1, 2009, between the Issuer and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as previously amended, and as amended and supplemented by the Eighth Supplemental Indenture, dated as of July 1, 2023, between the Issuer and the Trustee.

“Legal Documents” shall mean the Indenture, the Continuing Disclosure Certificate and the Tax Certificate.

“Official Statement” shall mean the Official Statement of the Issuer, dated [•], 2023 relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Preliminary Official Statement” shall mean the Preliminary Official Statement of the Issuer, dated [•], 2023, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and additional supplements thereto.

“Rule 15c2-12” shall mean Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the Issuer dated the Closing Date.

2. Use and Preparation of Official Statement; Continuing Disclosure Certificate. The Issuer has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, which the Issuer has deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Issuer hereby agrees to deliver or cause to be delivered to the Underwriters, in sufficient time to accompany any confirmation that requests payment from any customer (but in no event later than seven (7) business days from the date hereof and at least two (2) business days prior to the Closing Date (as hereinafter defined), whichever occurs first), copies of the final Official Statement, dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12

and any amendments or supplements to such Official Statement as have been approved by the Issuer and the Representative) (such final Official Statement, including the cover page, the inside cover page, and appendices thereto, herein being referred to as the “*Official Statement*”) in sufficient quantities and/or in a designated electronic format (as defined in Municipal Securities Rulemaking Board Rule G-32) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Issuer hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Bonds. At the time of or prior to the Closing Date, the Representative shall file a copy of the Official Statement with the Municipal Securities Rulemaking Board.

The Issuer will undertake pursuant to the Continuing Disclosure Certificate, to provide certain annual financial and operating information and certain event notices. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

3. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters (acting as principals and independent contractors and not as advisors, agents or fiduciaries), jointly and severally, hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[PAR] aggregate principal amount of the Bonds at an aggregate purchase price of \$[•] (the “*Purchase Price*”), representing the aggregate principal amount of the Bonds, plus original issue premium of \$[•], less an Underwriters’ discount of \$[•].

4. The Bonds. The principal amounts, maturity dates, interest rates, prices and redemption provisions with respect to the Bonds shall be as described in the Official Statement and in Appendix A attached hereto.

5. Public Offering; 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 on the Closing Date an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Orrick, Herrington & Sutcliffe LLP, Bond Counsel (“*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.

(b) [Except for the Hold-the-Price Maturities described in subsection (c) below and Appendix A attached hereto] the Issuer 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). Appendix A attached hereto sets forth the maturities of the Bonds for which the 10% test has been satisfied as of the date of this Bond Purchase Contract (the “10% Test Maturities”) and the prices at which the Underwriters have sold such 10% Test Maturities to the public.

(c) [With respect to the maturities of the Bonds that are not 10% Test Maturities, as described in Appendix A attached hereto (the “**Hold-the-Price Maturities**”), the Representative confirms that the Underwriters have offered such maturities of the Bonds to the public on or before the date of this Bond Purchase Contract at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Appendix A attached hereto. The Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Price Maturities, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Price Maturities, the Underwriters will neither offer nor sell such maturity of the Hold-the-Price Maturities 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:

- (i) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the Issuer promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.]

(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, whether or not the Closing Date has occurred, 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, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(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), and

(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 or 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 or dealer 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, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(e) The Issuer acknowledges that, in making the representations set forth in this subsection, the Representative will rely on: (i) the agreement of each underwriter to comply with the requirements for establishing the 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 the 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 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 adhere to 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 the 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.

(f) 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,

(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: (A) 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), (B) 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 (C) 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 Bond Purchase Contract by all parties.

6. Use of Documents. The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Contract, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The “*Closing Time*” shall be no later than [8:30] a.m. Pacific time, on July [•], 2023, or at such other time or on such later date as shall have been mutually agreed upon by the Issuer and the Representative (the “*Closing Date*”). At the Closing Time, the Issuer will deliver or cause to be delivered the Bonds to the Underwriters through The Depository Trust Company (“*DTC*”) in definitive or temporary form, duly executed by the Issuer, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Contract.

Delivery of the Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Bond Counsel in Sacramento, California or at such other place as shall have been mutually agreed upon by the Issuer and the Representative.

8. Representations, Warranties and Agreements of the Issuer. The Issuer hereby represents, warrants and agrees with the Underwriters that:

(a) The Issuer has been duly created and is validly existing under the laws of the State and has the power to issue the Bonds pursuant to the Act, the Bond Resolution and the Legal Documents.

(b) The Issuer has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the 2004 Measure A Sales Tax, to adopt the Bond Resolution, to enter into the Legal Documents and this Bond Purchase Contract, and to sell, issue and deliver the Bonds to the Underwriters as provided herein; the Issuer has full legal right, power and authority to perform its obligations under the Bond Resolution, the Bonds, the Legal Documents and this Bond Purchase Contract, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Issuer has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, the Ordinance and laws of the State, and the terms of the Bond Resolution, the Bonds, the Legal Documents and this Bond Purchase Contract.

(c) Except as described in the Preliminary Official Statement and the Official Statement, by all necessary official action, the Issuer has duly adopted the Ordinance, which was approved by a majority of the voters in the County on November 2, 2004.

(d) By all necessary official action, the Issuer has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, this Bond Purchase Contract and the Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Contract, the Bond Resolution, and the Legal Documents. When executed and delivered by their respective parties, the Legal Documents and this Bond Purchase Contract (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Issuer, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency,

reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or Issuer having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of the Legal Documents by the Issuer have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(g) Except as described in the Preliminary Official Statement and the Official Statement, 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 any judgment or decree or any loan agreement, indenture, bond, note, resolution, 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 Bond Resolution and 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 event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Bond Purchase Contract and the Legal Documents and compliance with 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 constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease 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, 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 or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Legal Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Issuer's knowledge, threatened against the Issuer: (i) in any

way affecting the existence of the Issuer or in any way challenging the respective powers of the several offices or the titles of the officials of the Issuer to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the proceedings authorizing and approving the 2004 Measure A Sales Tax, the levy or collection of the 2004 Measure A Sales Tax; (iii) in any way contesting or affecting, as to the Issuer, the validity or enforceability of the Act, the proceedings authorizing the 2004 Measure A Sales Tax, the Bond Resolution, the Bonds, the Legal Documents or this Bond Purchase Contract; (iv) in any way contesting the powers of the Issuer or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Legal Documents or this Bond Purchase Contract, or contesting the power or authority to levy the 2004 Measure A Sales Tax; (v) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Issuer to perform and satisfy its obligations under this Bond Purchase Contract, the Legal Documents or the Bonds; nor to the best of the Issuer's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the 2004 Measure A Sales Tax, the Bond Resolution, the Legal Documents or this Bond Purchase Contract or the performance by the Issuer of its obligations thereunder, or the authorization, execution, delivery or performance by the Issuer of the Bonds, the Bond Resolution, the Legal Documents or this Bond Purchase Contract.

(i) Between the date hereof and the Closing Time, the Issuer will 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 in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or relating to transportation projects described in the 2004 Expenditure Plan or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(j) The Issuer will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; and the Issuer will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Issuer be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the Issuer of any written notification with regard to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(k) The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Act, the Ordinance, the Bond Resolution and the Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) The Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement (other than the information as to principal amounts, interest rates and other information subject to change) and the Official Statement under the captions “THE SERIES 2023 BONDS” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION AND PURPOSE OF THE SERIES 2023 BONDS” and “PLAN OF REFUNDING”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(m) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12) and certain terms of the Bonds left blank or marked preliminary, subject to change, as of its date and as of the date hereof, did not and does 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.

(n) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended 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.

(p) The Issuer shall not amend or supplement the Official Statement without the prior written consent of the Representative, which shall not be unreasonably withheld. The Issuer hereby agrees that it will notify the Representative if, within the period from the date of this Bond Purchase Contract to and including the date 25 days following the End of the Underwriting Period with respect to the Bonds, the Issuer discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material

fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Issuer or the Representative, or their respective counsel, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event that becomes known to the Issuer during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the Issuer will, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and will furnish copies of such supplement or amendment to the Underwriters in such quantities as the Underwriters may reasonably request. The Issuer and the Underwriters agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term “*End of the Underwriting Period*” means with respect to the Bonds the later of such time as: (i) the Issuer delivers the Bonds to the Underwriters; or (ii) none of the Underwriters retains, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Representative or any other Underwriter gives notice to the Issuer that an Underwriter retains an unsold balance of Bonds, the “End of the Underwriting Period” shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be delivered to the Issuer, in writing, at or prior to the Closing Time, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

(q) Except as described in the Preliminary Official Statement and the Official Statement, the Issuer has not granted a lien on or made a pledge of the Sales Tax Revenues or any other funds pledged under the Indenture.

(r) The Issuer is not in default in any material respect on any bond, note or other obligation for borrowed money or under any agreement under which any such obligation is outstanding, and at no time has defaulted in any material respect on any payment obligation with respect to such outstanding bonds, notes or other obligations for borrowed money.

(s) The financial statements of, and other financial information regarding the Issuer in the Preliminary Official Statement and the Official Statement relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Issuer as of June 30, 2023, fairly represent the receipts, expenditures 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. The financial statements of the Issuer have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since June 30, 2023 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(t) Prior to the Closing Time, the Issuer will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Issuer.

(u) Upon the delivery of the Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture, together with all outstanding Parity Obligations, will not in combination with all other outstanding debt obligations of the Issuer exceed any limitation imposed by law or by the Indenture or by the Act.

(v) The sum of the principal of and interest on the Bonds, together with all outstanding Parity Obligations and all other outstanding debt obligations of the Issuer, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the Issuer.

(w) Except as otherwise set forth in the Preliminary Official Statement and the Official Statement, the Issuer has complied in all material respects during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(x) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Bond Purchase Contract, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

9. Conditions to the Underwriter's Obligations. The Underwriters have entered into this Bond Purchase Contract in reliance upon the representations, warranties and obligations of the Issuer contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriters' obligations under this Bond Purchase Contract shall be subject to the following conditions:

(a) The representations and warranties of the Issuer contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Issuer official or officials dated the Closing Date, and the Issuer shall be in compliance with each of the agreements and covenants made by it in this Bond Purchase Contract;

(b) (i) At the Closing Time, the Act, the Bond 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 by the Issuer and the Underwriter, and (ii) the Issuer shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Legal Documents, this Bond Purchase Contract, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Issuer relating to this Bond Purchase Contract, the Legal Documents, the Preliminary Official Statement 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;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Ordinance, the 2004 Measure A Sales Tax, the Sales Tax Revenues, or the Bonds as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Underwriters materially impairs the investment quality of the Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, the Issuer shall not have suspended or advised the suspension of the collection of the 2004 Measure A Sales Tax or the escrow of any proceeds thereof, and the General Counsel to the Issuer, shall not have advised the suspension of the collection of the 2004 Measure A Sales Tax or the escrow of any proceeds thereof other than as disclosed in the Preliminary Official Statement and the Official Statement;

(f) At or prior to the Closing Date, the Underwriters shall receive copies of each of the following documents:

(i) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Issuer by its Executive Director.

(ii) An approving opinion of Bond Counsel, dated the Closing Date, addressed to the Issuer substantially in the form attached as Appendix E to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters.

(iii) A supplemental opinion of Bond Counsel, addressed to the Underwriters, substantially in the form attached hereto as Appendix C.

(iv) A letter, dated the Closing Date and addressed to the Issuer and the Underwriters, from Nossaman LLP, Disclosure Counsel, substantially in the form attached hereto as Appendix D.

(v) The opinion of Kutak Rock LLP, Underwriters' Counsel, addressed to the Underwriters, in form and substance acceptable to the Underwriters, covering such items as the Underwriters may request.

(vi) The opinion of the General Counsel to the Issuer, dated the Closing Date, addressed to the Underwriters and the Trustee, substantially in the form attached hereto as Exhibit E.

(vii) A certificate, dated the Closing Date and signed by such officials of the Issuer as shall be satisfactory to the Representative, to the effect that (i) the representations, warranties and covenants of the Issuer contained in the Bond Purchase Contract are true and correct in all material respects on and as of the



Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Issuer and the Underwriter; (iii) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Issuer, whether or not arising in the ordinary course of the Issuer's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Contract, and the Official Statement, as of its date and as of the Closing Date, did not and does not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(viii) The audited financial statements of the Issuer relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the Issuer as of June 30, 2022 included in the Official Statement, certified by the Issuer on the Closing Date as being correct and complete.

(ix) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, 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 of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(B) the Trustee is duly authorized to enter into, has duly executed and delivered the Legal Documents to which the Trustee is a party and has duly authenticated and delivered the Bonds;

(C) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other 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), 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;

(D) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee 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, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(E) the Trustee will apply the proceeds from the Bonds as provided in the Indenture.

(x) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Legal Documents to which the Trustee is a party.

(xi) Evidence of signature authority and incumbency of the Trustee.

(xii) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Issuer and the Underwriter, to the effect that:

(A) 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 Legal Documents to which it is a party and to enter into such Legal Documents;

(B) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the 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;

(C) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(D) 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; and

(E) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Bonds or the Legal Documents to which it is a party.

(xiii) A certified copy of the proceedings relating to authorization and approval of the 2004 Measure A Sales Tax.

(xiv) A copy of the executed Agreement for State Administration of Transactions and Use Tax, between the Issuer and the CDTFA, including all amendments thereto.

(xv) A certified copy of the Board Resolution.

(xvi) Fully executed copies of each of the Legal Documents.

(xvii) Evidence of required filings with the California Debt and Investment Advisory Issuer.

(xviii) A Tax Certificate of the Issuer, in form satisfactory to Bond Counsel, signed by such officials of the Issuer as shall be satisfactory to the Underwriter.

(xix) Evidence as of the Closing Date satisfactory to the Representative that the Bonds have received a rating of “AAA” from Fitch Ratings, and “AAA” from S&P Global Ratings (or such other equivalent rating as Fitch Ratings and S&P Global Ratings shall issue), and that such ratings have not been revoked or downgraded.

(xx) A transcript of all proceedings relating to the authorization and issuance of the Bonds, which may be in digital form (or a commitment to so provide).

(xxi) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Issuer herein contained and of the Official Statement 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.

10. Termination.

(a) If the Issuer shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Bond Purchase Contract or if the Underwriters' obligations shall be terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract may be cancelled by the Underwriters at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Issuer in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Issuer hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Underwriters at their sole discretion.

(b) The Underwriters shall also have the right, prior to the Closing Time, to cancel their obligations to purchase the Bonds, by written notice to the Issuer, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriters, makes untrue any statement of a material fact set forth in 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 and, in either such event, (A) the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriters or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriters, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; 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 reasonable professional judgment of the Underwriters, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of 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 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 for consideration by either such Committee by any member thereof or presented as an option for consideration 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 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 reasonable judgment of the Underwriters, is likely to have the purpose or effect, directly or, indirectly, of adversely 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

(B) legislation shall have been introduced or passed by either chamber of the Congress or recommended for passage 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 an order, stop 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 obligations of the general character of the Bonds are not exempt from registration under the Securities Act of 1933, as amended (the “*1933 Act*”) Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or

(C) 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 the material escalation thereof) or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Issuer; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national

securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) 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 Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement disclosures are expected to occur; or

(iii) 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 which, in the reasonable professional judgment of the Underwriters, materially and adversely affect the market or market price for the Bonds, or there is a material increase in restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of the Underwriters or broker-dealers which, in the reasonable professional judgment of the Underwriters, make it impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(iv) any litigation shall be instituted or be pending at the Closing Time 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 2004 Measure A Sales Tax or the rates, levy or collection thereof, the issuance, sale or delivery of Bonds, the Act, the Ordinance, the Bond Resolution, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents or the Bonds; or

(v) there shall have occurred any downgrading or published negative credit watch or similar published information regarding an unenhanced long-term rating on the Issuer's subordinate lien debt obligations, by a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Issuer's subordinate lien debt obligations, including the Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the Bonds.

If the Underwriters terminate their obligation to purchase the Bonds because any of the conditions specified in Section 6 hereof, Section 9 hereof or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Underwriters.

11. Conditions to Obligations of the Issuer. The performance by the Issuer of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the Issuer and the Underwriters of opinions addressed to the Underwriters and certificates being delivered at the Closing Time by persons and entities other than the Issuer.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End of the Underwriting Period, (a) the Issuer will not adopt any amendment of, or supplement to, the Official Statement to which the Underwriters shall object in writing or that shall be disapproved by the Representative and Underwriters' Counsel and (b) if any event relating to or affecting the Issuer shall occur as a result of which it is necessary, in the opinion of Representative and Underwriters' Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Issuer will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriters and Underwriters' Counsel) that will amend or supplement the Official Statement so that it will not contain an 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 existing at the time the Official Statement is delivered to a purchaser of the Bonds, not misleading.

13. Indemnification. The Issuer (a "***Issuer Indemnifying Party***") 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 an Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called a "***Issuer Indemnified Party***"), against any and all losses, claims, damages or liabilities, joint or several, to which such Issuer Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Issuer Indemnified Party 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 the Preliminary Official Statement or the Official Statement under the captions "THE SERIES 2023 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS," "SACRAMENTO TRANSPORTATION AUTHORITY," "THE SALES TAX," "SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN," and "LEGAL MATTERS," or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Issuer may otherwise have to any Issuer Indemnified Party, provided that in no event shall the Issuer be obligated for double indemnification.

The Underwriters (collectively, an "***Underwriter Indemnifying Parties***") 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 "***Underwriter Indemnified Party***"), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or

otherwise, and shall promptly reimburse any such Underwriter Indemnified Party 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 the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriters be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “*Indemnified Party*” means an Issuer Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “*Indemnifying Party*” means an Issuer Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. 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 have charge of 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 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.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Issuer or the Underwriters, to the extent permitted by law, the Issuer and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other



expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Issuer and the Underwriters may be subject) in such proportion so that the Underwriters are jointly and severally responsible for that portion represented by the percentage that the Underwriters' discount set forth in the Official Statement bears to the public offering price appearing thereon and the Issuer is responsible for the balance; provided, however, that 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. For purposes of this paragraph, each person, if any, who controls the Underwriters within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriters. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

14. Expenses.

(a) Whether or not the Bonds are issued as contemplated by this Bond Purchase Contract, the Underwriters shall be under no obligation to pay and the Issuer hereby agrees to pay any expenses incident to the performance of the Issuer's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; (v) fees of the California Debt Investment Advisory Commission, and (vi) any out-of-pocket disbursements of the Issuer. The Issuer shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the Issuer's employees and representatives which are in connection with this Bond Purchase Contract, including, but not limited to, meals, transportation and lodging of those employees and representatives. The Issuer acknowledges that certain expenses included in the expense component of the Underwriters' discount are based on estimates.

(b) Whether or not the Bonds are issued as contemplated by this Bond Purchase Contract, the Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Bonds by the MSRB or Financial Industry Resources Authority; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds (excluding any expenses of the Issuer and its employees or agents); (iii) any fees payable to the Issuer; and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel. The Underwriters are required to pay the fees to Issuer in connection with the Bond offering. The Issuer acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to

evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Issuer agrees to reimburse the Underwriters for such fees.

(c) The Issuer has agreed to pay the Underwriters' discount set forth in Section 3 hereof, and inclusive in the expense component of the Underwriters' discount are expenses incurred or paid for by the Underwriters on behalf of the Issuer in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, fees and expenses of Underwriters' Counsel, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fees, and transportation, lodging, and meals for the Issuer's employees and representatives.

(d) The Issuer and Underwriters acknowledge that expenses included in the expense component of the Underwriters' discount are based upon estimates. The Issuer and Underwriters agree that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount equal to or greater than \$1,000 (the "***Reimbursement Threshold***"), the Underwriters shall reimburse to the Issuer the amount that the aggregate estimated expenses exceed the aggregate actual expenses. For the avoidance of doubt, the Issuer acknowledges and agrees that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriters to the Issuer. The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

15. Notices. Any notice or other communication to be given under this Bond Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the Issuer, addressed to:

Sacramento Transportation Authority  
801 12<sup>th</sup> Street, 5<sup>th</sup> Floor  
Sacramento, California 95814  
Attention: Chief Financial Officer

or if to the Underwriter, addressed to:

BofA Securities, Inc.  
315 Montgomery Street, 1<sup>st</sup> Floor  
San Francisco, California 94104  
Attention: [Holly Vocal]

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Contract when accepted by the Issuer in writing as heretofore specified shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including the successors or assigns of the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Issuer in this Bond Purchase Contract or in any certificate

delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery to and payment by the Underwriters for the Bonds hereunder and (c) any termination of this Bond Purchase Contract.

17. Execution in Counterparts. This Bond Purchase Contract 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.

18. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Bond Purchase Contract may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Bond Purchase Contract using an electronic signature, it is signing, adopting, and accepting this Bond Purchase Contract and that signing this Bond Purchase Contract using an electronic signature is the legal equivalent of having placed its handwritten signature on this Bond Purchase Contract on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Bond Purchase Contract in a usable format.

19. No Advisory or Fiduciary Role. The Issuer acknowledges and agrees that: (a) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (b) the primary role of the Underwriters, as Underwriters, 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; (c) 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); (d) 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 as otherwise provided by law; and (e) 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.

20. Applicable Law. This Bond Purchase Contract shall be interpreted, governed and enforced in accordance with the laws of the State of California.

[Remainder of page intentionally left blank; signature page follows]

Very truly yours,

BOFA SECURITIES, INC., as  
Representative of the Underwriters

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

The foregoing is hereby agreed to and  
accepted as of the date first above written:

SACRAMENTO TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature page to Bond Purchase Contract]

**APPENDIX A**  
**MATURITY SCHEDULE**  
**[\$[PAR]**  
**SACRAMENTO TRANSPORTATION AUTHORITY**  
**MEASURE A SALES TAX REVENUE REFUNDING BONDS,**  
**SERIES 2023 (LIMITED TAX BONDS)**

**Maturity Schedule**

<b>Maturity Date (October 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>
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<sup>C</sup> Priced to the par call date of October 1, 20[•].

\* 10% Maturities.

\* Hold-the-Price Maturities.

**Redemption Provisions**

***Optional Redemption.*** The Bonds maturing on and after October 1, 20[•] are subject to redemption prior to their respective stated maturities, at the option of the Issuer, from any source of available funds, on any date on or after October 1, 20[•], as a whole, or in part by such maturity or maturities as may be specified by Request of the Issuer (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

## APPENDIX B

### CERTIFICATE OF THE REPRESENTATIVE REGARDING OFFERING PRICES

BofA Securities, Inc. (the “Representative”), on behalf of itself and as representative of Wells Fargo Bank, National Association, and Siebert Williams Shank & Co., LLC (collectively, the “Underwriter”), has acted as the underwriter in connection with the sale and issuance by the Sacramento Transportation Authority (the “Issuer”) of its \$[\_\_\_\_\_] aggregate initial principal amount of the Issuer’s Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Bonds”), being issued on the date hereof. The Underwriter, based on information available to it, hereby certifies and represents the following:

#### Issue Price.

**[10% OF EACH MATURITY SOLD BY CLOSING]** As of the date hereof, the first price or yield at which at least 10% of each Maturity of the Bonds was sold by the Underwriter to the Public was the **[Initial Offering Price/OR IF ACTUAL SALES AT OTHER THAN IOP price or yield]** set forth on Appendix A to the Bond Purchase Contract, dated [DATE] (the “Purchase Contract”), by and between the Underwriter and the Issuer.

#### OR

1. As of [DATE], 2023 (the “Sale Date”), all of the Bonds were the subject of a bona fide offering to the Public at the Initial Offering Price.

**[2A. USING HOLD THE PRICE FOR A PORTION OF THE ISSUE]** As of the date hereof, other than the Bonds listed on Appendix A to the Bond Purchase Contract, dated [DATE], 2023 (the “Purchase Contract”), by and between the Underwriter and the Issuer, as subject to Hold-The-Offering-Price Rule (the “Undersold Maturities”), the first price or yield at which at least 10% of each Maturity of the Bonds was sold by the Underwriter to the Public was the respective **[Initial Offering Price OR IF ACTUAL SALES AT OTHER THAN IOP price]** set forth on Appendix A attached to the Purchase Contract]. Attached hereto as Schedule 1 is a copy of the final pricing wire for each Undersold Maturity or an equivalent communication. With respect to the Undersold Maturities, as agreed to in writing by the Underwriter in the Purchase Contract, the Underwriter has not offered or sold any of the Undersold Maturities to any person at a price higher than or a yield lower than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Undersold Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price by the Underwriter or (b) the close of the fifth business day following the Sale Date.

**2B. USING HOLD THE PRICE FOR 100% OF THE ISSUE].** As agreed to in writing by the Underwriter in the Purchase Contract between the Issuer and the Underwriter dated [DATE], 2023, the Underwriter has not offered or sold any Bond to any person at a price higher than or a yield lower than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Undersold Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering

Price by the Underwriter or (b) the close of the fifth business day following the Sale Date. Attached hereto as Schedule 1 is a copy of the final pricing wire for the Bonds or an equivalent communication.]

### **Defined Terms.**

“Initial Offering Price” means the prices or yields set forth on the inside cover page of the Issuer’s Official Statement in respect of such Bonds dated [DATE], 2023.

“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.

“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.

“Related Party” means any entity if an Underwriter and such entity 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 profit 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).

“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 Representative 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 to which this certificate is included as Exhibit A and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, in connection with its opinion as to the exclusion of interest on the Bonds from federal gross income, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. The Representative is certifying only as to facts in existence on the date hereof. Nothing herein represents the Representative interpretation of any laws; in particular the Treasury Regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

## APPENDIX C

### FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

BofA Securities, Inc.  
San Francisco, California

Wells Fargo Bank, National Association  
New York, New York

Siebert Williams Shank & Co., LLC  
Sacramento, California

Sacramento Transportation Authority  
Measure A Sales Tax Revenue Refunding Bonds  
Series 2023  
(Limited Tax Bonds)  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as underwriters (the “Underwriters”), pursuant to Section 9(f)(3) of the Bond Purchase Contract, dated July [ ], 2023 (the “Purchase Contract”), between BofA Securities, Inc., as Representative, on behalf of itself and as representative of Wells Fargo Bank, National Association, and Siebert Williams Shank & Co., LLC, and the Sacramento Transportation Authority (the “Authority”), providing for the purchase of \$[PAR] principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds) (the “Bonds”). The Bonds are being issued pursuant to an indenture, dated as of September 1, 2009 (as supplemented and amended, including by the Eighth Supplemental Indenture, dated as of July 1, 2023, the “Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Contract.

In connection with our role as bond counsel to the Authority, we have reviewed the Purchase Contract; the Indenture; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by the Authority; opinions of counsel to the Authority and the Trustee; certificates of the Authority, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions and conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do



occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement, dated [ ], 2023 (the "Official Statement"), or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions and conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.
2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Authority.
3. The statements contained in the Official Statement under the captions "THE SERIES 2023 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" and "TAX MATTERS" and contained in APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture or set out the content of our final legal opinion as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority, are accurate in all material respects.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to

you as Underwriters of the Bonds, is solely for your benefit as such Underwriters in connection with the original delivery of the Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

## APPENDIX D

### FORM OF LETTER OF DISCLOSURE COUNSEL

[Nossaman to review/modify]

[Closing Date]

Sacramento Transportation Authority  
Sacramento, California

BofA Securities, Inc., as Representative  
of the Underwriters  
San Francisco, California

Re: Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding  
Bonds, Series 2023 (Limited Tax Bonds)—Disclosure Counsel Letter

Ladies and Gentlemen:

We have acted as disclosure counsel for Sacramento Transportation Authority (the “Authority”) in connection with the issuance of the above-captioned Bonds (the “Bonds”). The Bonds shall be as described in and shall be secured under and pursuant to the Indenture dated as of September 1, 2009, as supplemented by the Seventh Supplemental Indenture, dated as of [●] 1, 2023 (together, the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as successor to Deutsche Bank National Trust Company (the “Trustee”). Capitalized terms herein, unless otherwise defined, shall have the meanings provided in the Indenture.

We have, as such counsel, examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, records, opinions of counsel and other instruments as we deemed necessary or appropriate for the purpose of this letter.

In delivering this letter, we are not expressing any opinion or review on the validity, accuracy or sufficiency of documents, certificates or opinions that we have examined or on the authorization, execution, delivery or validity of the Bonds or the exclusion from gross income for federal income tax purposes, or the exemption from State of California personal income taxes, of interest with respect to the Bonds. Further, we have assumed, but not independently verified, that the signatures on all documents, certificates and opinions that we have reviewed are genuine.

Because the primary purpose of our professional engagement was not to establish factual matters, and because of the wholly or partially non legal character of many determinations involved in the preparation of the Preliminary Official Statement dated [●], 2023 (the “Preliminary Official Statement”) and the Official Statement dated [●], 2023 (the “Official Statement”) relating to the Bonds, we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the

accuracy, completeness or fairness of any such statements. However, in our capacity as disclosure counsel during the course of the preparation of the Preliminary Official Statement and the Official Statement, we participated in conferences with Authority officials, including general counsel to and chief financial officer of the Authority, representatives of and counsel to the Underwriter, the Authority's financial advisor and bond counsel, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in such conferences, and in reliance thereon and on the certificates, opinions and other documents we have reviewed, we advise you that no information has come to our attention which would cause us to believe that the Preliminary Official Statement as of its date and as of [•], 2023 and the Official Statement, as of its date and as of the date hereof (except for any financial, demographic or statistical data or forecasts contained in the Preliminary Official Statement and the Official Statement and the Appendices to the Preliminary Official Statement and the Official Statement, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this letter, except for our review of the certificates and opinions regarding the Official Statement, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Official Statement. We also advise you that the preceding paragraph is not an opinion but, rather, in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as disclosure counsel. The scope of those activities performed by us for purposes of delivering this letter were inherently limited and do not purport to encompass all activities necessary for compliance with applicable securities laws. In addition, the performance of those activities by us required our reliance upon third-party representations, warranties, certifications and opinions, including and primarily, representations, warranties and certifications made by the Authority and the liquidity facility provider, and are otherwise subject to the conditions set forth herein.

This letter is furnished by us solely for your benefit with respect to the preparation of the Preliminary Official Statement and the Official Statement in connection with the issuance of the Bonds, upon the understanding, as we have advised you, and as you have agreed, that we are not hereby assuming any professional responsibility to any other person whatsoever. Our letter is not to be used, circulated, quoted or otherwise referred to for any other purpose without our express written permission.

Respectfully submitted,

**APPENDIX E**

**FORM OF OPINION OF GENERAL COUNSEL TO THE ISSUER**

July [•], 2023

Sacramento Transportation Authority  
Sacramento, California

BofA Securities, Inc., as Representative  
of the Underwriters  
San Francisco, California

U.S. Bank Trust Company, National Association  
Los Angeles, California

Sacramento Transportation Authority  
Measure A Sales Tax Revenue Refunding Bonds  
Series 2023  
(Limited Tax Bonds)  
(Authority Counsel Opinion)

Ladies and Gentlemen:

Our office has acted as counsel to the Sacramento Transportation Authority (the “Authority”) in connection with the issuance by the Authority of the above-captioned Bonds (the “Series 2023 Bonds” or, the “Bonds”). This opinion letter is being furnished to you at the request of the Authority and in satisfaction of the requirements of Section 9(f)(vi) of the Purchase Contract (defined below). Acceptance of this opinion letter by you shall conclusively operate as your acknowledgement that this opinion letter addresses all of the specific legal issues that are to be dealt with in our opinions set forth herein.

In such connection, we have reviewed the following documents:

- (i) the Bonds;
- (ii) the Indenture, dated as of September 1, 2009 (as supplemented and amended, including by the Eighth Supplemental Indenture, dated as of July 1, 2023, the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”);
- (iii) the Bond Purchase Contract (the “Purchase Contract”), dated [•], 2023, between the Authority and on behalf of itself and as representative of Wells Fargo Bank,

National Association, and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”);

(iv) the Continuing Disclosure Certificate, dated July [●], 2023 (the “Continuing Disclosure Certificate”), delivered by the Authority;

(v) the Tax Certificate, dated the date hereof (the “Tax Certificate”), delivered by the Authority;

(vi) the Preliminary Official Statement relating to the Bonds, dated [●], 2023 (the “Preliminary Official Statement”);

(vii) the Official Statement relating to the Bonds, dated [●], 2023 (the “Official Statement”); and

(viii) a resolution adopted by the Governing Board of the Authority on [●], 2023 (the “Resolution”), approving and authorizing the issuance and sale of the Bonds and the execution and delivery of the Authority Documents (defined below) and approving and authorizing the distribution and use by the Underwriters of the Official Statement.

We have also examined the Act, certifications of the Authority and others as to certain factual matters, and such other documents, opinions and matters as we deemed necessary to render the opinions or conclusions set forth herein. The Purchase Contract, the Indenture, the Continuing Disclosure Certificate and the Tax Certificate are collectively referred to herein as the “Authority Documents.” Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined therein, in the Purchase Contract.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures (other than the Authority) provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to herein. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under Authority Documents and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local transportation authorities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of

the Authority Documents or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

Whenever a statement herein is qualified by “to the best of our knowledge,” it shall be deemed to indicate that, during the course of our representation of the Authority in connection with this transaction, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of attorneys in this office representing the Authority in connection with the Bonds. We have not, however, undertaken any independent investigation to determine the accuracy of such statements, and any limited inquiry undertaken by us during the preparation of this opinion letter should not be regarded as such investigation. No inference as to our knowledge of any matters bearing upon the accuracy of any such statements should be drawn from the fact of our representation of the Authority.

We express no opinion as to any matter other than as expressly set forth below. Without limiting the generality of the foregoing, we specifically express no opinion as to the status of the Bonds or the interest thereon or the Authority Documents under any federal securities laws or any state securities or “Blue Sky” law or any federal, state or local tax law. Further, we express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

Based on and subject to the foregoing, and in reliance thereon, we are of the following opinions:

1. The Authority is a local transportation authority duly organized and validly existing under the laws of the State of California.

2. The Authority has all requisite power and authority under the laws of the State of California: (a) to adopt the Resolution and to enter into and perform its covenants and agreements under the Bonds and the Authority Documents; (b) to approve and authorize the use and distribution of the Official Statement; (c) to issue the Bonds; (d) to levy and collect the 2004 Measure A Sales Tax and pledge the Sales Tax Revenues to the payment of the Bonds as provided in the Indenture; and (e) to carry on its business as currently conducted.

3. The Resolution was duly adopted at a meeting of the Governing Board of the Authority that was 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 the Resolution is in full force and effect and has not been amended, modified or rescinded as of the date hereof.

4. The Bonds have been duly authorized, executed and delivered by the Authority and constitute the valid and binding limited obligations of the Authority.

5. The Authority Documents have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority.

6. To the best of our knowledge, as of the date hereof, the issuance and sale of the Bonds and the execution and delivery of the Authority Documents, the adoption of the Resolution and the approval of the Official Statement, and compliance with the provisions of the Authority Documents, under the circumstances contemplated thereby, do not and will not in any material

respect conflict with or constitute on the part of the Authority a breach of or default under any resolution, agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, rule, regulation, writ, judgment, court order or consent decree to which the Authority or any of its property is subject.

7. There is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the Authority, at law or in equity before or by any court, government agency, public board or body, or, to the best of our knowledge, pending or threatened against or affecting the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices (except as previously advised in writing to the Underwriters), or contesting or affecting as to the Authority, the validity or enforceability of the Bonds, any Authority Document, the power or authority of the Authority to levy or collect the 2004 Measure A Sales Tax and to pledge the Sales Tax Revenues and other security as provided in the Indenture, the execution and delivery or performance by the Authority or validity or enforceability of the Bonds or any Authority Document or in any way contesting or challenging the consummation of the transactions contemplated thereby.

8. No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency having jurisdiction over the Authority is required for the valid authorization, execution, delivery and performance by the Authority of the Authority Documents or for the adoption of the Resolution which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

9. The Authority has duly authorized the execution and delivery of the Official Statement to the Underwriters for distribution in connection with the sale of the Bonds.

10. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Preliminary Official Statement or the Official Statement, and assume that any such version is identical in all respects to the printed version. In our capacity as counsel to the Authority in connection with issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Authority and others, during which conferences the contents of the Preliminary Official Statement or Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which, with respect to the Preliminary Official Statement, did not extend beyond the date of the Purchase Contract, and with respect to the Official Statement did not extend beyond its date), and in reliance thereon, on oral and written statements and representatives of the Authority and others, and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), we advise you as a matter of fact and not opinion that (a) no facts came to the attention of the attorneys in our office rendering legal services in connection with the issuance of the Bonds which caused us to believe that the Preliminary Official Statement as of the date of the Purchase Contract, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule



15c-12 or otherwise left blank and any other differences with the information in the Official Statement), and (b) no facts came to the attention of the attorneys in our office rendering legal services in connection with the issuance of the Bonds which caused us to believe that the Official Statement as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that, we expressly exclude from the scope of this paragraph and express no opinion or conclusion, with respect to both the Preliminary Official Statement and the Official Statement, about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about book-entry, DTC, ratings, rating agencies and the information contained in the Appendices thereto, included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity.

11. The Authority is subject to suit with respect to its obligations under the Authority Documents.

This opinion letter is rendered solely for the benefit of the addressees in connection with the subject transaction and may not be relied upon or used, or its benefit claimed, by any other person or entity, or for any other purpose, without our prior written consent. We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

Sincerely,

[NAME]  
County Counsel

This Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of \_\_\_\_\_, 2023, is executed and delivered by the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of its Measure A Sales Tax Revenue Refunding Bonds, Series 2023 (the “Bonds”). The Bonds were issued pursuant to an Indenture, dated as of September 1, 2009 (the “Original Indenture”), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of [DATE], 2023 (the “Eighth Supplemental Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the “Indenture.” Pursuant to the Indenture, the Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate 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 Certificate.

“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.

“Disclosure Representative” shall mean the designee of the Authority to act as the Disclosure Representative.

“Dissemination Agent” shall mean an entity selected and retained by the Authority, or any successor thereto selected by the Authority. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association, as trustee under the Indenture.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

“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 Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriters” shall mean the Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“SEC” shall mean the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, not later than 270 days after the end of the Authority’s fiscal year, commencing with the fiscal year ending June 30, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent. The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice 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) (if the Dissemination Agent is other than the Authority), to the extent appropriate information is available to it, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, the filing of the Annual Report due after the Annual Report for fiscal year ending June 30, 2018 shall be made in accordance with the MSRB’s EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Authority’s 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 Authority’s 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 final Official Statement relating to the Bonds (the “Official Statement”), and

the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update (as of the most recently ended fiscal year of the Authority) for the table entitled “Sacramento Transportation Authority Historical 1988 Measure A and 2004 Measure A Sales Tax Revenues” set forth in the Official Statement under the caption “THE SALES TAX – Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues.”

(c) A summary of all Bonds and Parity Obligations Outstanding as of the most recently ended fiscal year of the Authority.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an “obligated person” (as defined by the Rule), 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 Significant Events.

(a) Pursuant to the provisions of this paragraph 5, the Authority shall provide (or cause to be provided) notice to the MSRB of the occurrence of any of the following events numbered 1-18 with respect to Bonds in a timely manner but not later than ten business days after the occurrence of the event. The notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (4) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (5) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or issuance of adverse tax opinions;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. 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 Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental 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 Obligated Person.

- (10) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of Bonds or other material events affecting the tax status of Bonds;
- (11) Modifications to rights of Bondholders;
- (12) Bond calls;
- (13) Release, substitution, or sale of property securing repayment of Bonds;
- (14) Non-payment related defaults;
- (15) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;
- (16) Appointment of a successor or additional trustee or the change of name of a trustee;
- (17) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; or
- (18) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

*Note:*

- (a) *The Authority has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit providers for the Bonds.*
- (b) *Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Specified Event within the meaning of the Rule.*

(b) The Authority shall provide (or cause to be provided) to the MSRB notice of the occurrence of any of the events listed in subsections 10-16 of paragraph 5(a) with respect to the Bonds, if material in a timely manner but not later than ten business days after the occurrence of the event. Such notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

(c) For purposes of the events described in subsection (17) and subsection (18) of paragraph 5(a) above, the term “financial obligation” means 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 to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) The Authority acknowledges that it must make a determination whether a Specified Event listed in subsections 10-16 of paragraph 5(a) is material under applicable federal securities laws in order to determine whether a filing is required under subsections 10-16 of paragraph 5.

SECTION 6. Termination of Reporting Obligation. The obligations of the Authority and the Dissemination Agent under this Disclosure Certificate 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(a) hereof.

SECTION 7. 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 Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days' notice in writing to the Authority.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, 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 connection with 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 Distract, the Bondholders, 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SACRAMENTO  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_

Receipt Acknowledged By:  
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
AS DISSEMINATION AGENT

By: \_\_\_\_\_



**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Transportation Authority

Name of Bond Issue: \$ \_\_\_\_\_ Sacramento Transportation Authority Measure A Sales  
Tax Revenue Refunding Bonds, Series 2023 (Limited Tax Bonds)

Date of Initial Issuance: \_\_\_\_\_, 2023

NOTICE IS HEREBY GIVEN that the Sacramento Transportation Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture, dated as of September 1, 2009 (the "Original Indenture"), as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture, dated as of [DATE], 2023 (the "Eighth Supplemental Indenture"), each between the Authority and U.S. Bank Trust Company, National Association, as successor trustee. The Original Indenture, as previously supplemented and amended, and as further supplemented and amended by the Eighth Supplemental Indenture and as may be further supplemented and amended in accordance with its terms is the "Indenture." The Authority anticipates that the Annual Report will be filed by U.S. Bank Trust Company, National Association.

Dated:

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of the Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

cc: Sacramento Transportation Authority



**Sacramento Transportation Authority  
Debt Policy  
June 2023**

**I. Introduction**

The purpose of this Debt Policy is to establish guidelines for the issuance and management of Sacramento Transportation Authority's ("STA" or the "Authority") current and future debt. This Debt Policy confirms the commitment of the Board, management, staff, and other decision makers to adhere to sound financial management practices. Priorities of the Debt Policy are as follows:

- Effectively manage and mitigate financial risk
- Preserve future program flexibility
- Maintain strong credit ratings and good investor relations
- Maintain ready and cost-effective access to the capital markets

**II. Scope and Authority**

This Debt Policy shall guide, the issuance and management of all debt funded through the capital markets, including the selection and management of related financial and advisory services and products.

This Policy shall be reviewed periodically and updated as required. Any changes to the policy are subject to approval by the Board at a public meeting. Overall policy direction of this Debt Policy shall be provided by the Board. Responsibility for implementation of the Debt Policy, and day-to-day responsibility and authority for structuring, implementing, and managing the Authority's debt and finance program, shall reside with the Executive Director. This Debt Policy requires that the Board specifically authorize each debt financing.

While adherence to this Policy is required in applicable circumstances, the Authority recognizes that changes in the capital markets, Authority programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Debt Policy and require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained.

**III. Capital Budgeting and Planning for Debt Issuance**

The 2004 Measure A Sales Tax is authorized under the Authority's Ordinance No. STA 04-01 (the "2004 Ordinance"). As part of the 2004 Ordinance, the Authority also adopted a new Sacramento County Transportation Expenditure Plan 2009-2039 (the "2004 Transportation Expenditure Plan") which governs the expenditure of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee.

The 2004 Expenditure Plan is currently being funded through a combination of pay-as-you-go and bond financing. The Authority staff has prepared and periodically updates a Plan of Finance which details the Authority's capacity to deliver projects on an accelerated basis through bond financing. The Plan of Finance is reviewed by the Board and reflects the Board's project prioritization. The Plan of Finance is developed to be consistent with the 2004 Ordinance, the 2004 Transportation Expenditure Plan and the borrowing parameters and covenants included in the Authority's Bond Indenture and other legal documents.

Borrowing needs are evaluated on a periodic basis within the context of the Authority's Plan of Finance. As noted previously, this Debt Policy requires that the Board specifically authorize each debt financing.

#### **IV. Standards For and Appropriate Use of Debt Financing**

As borrowing needs are identified, the Authority will evaluate the nature of the capital investment (e.g., the purpose and useful life of the asset) to ensure that long-term debt is the appropriate financing mechanism to meet the funding need. Standards for the appropriate use of debt financing will include those described below.

- A. Long Term Capital Projects: Long-term debt should be used to finance essential capital projects where it is cost effective and fiscally prudent. The debt repayment period should not exceed 120% of the useful life of the project being financed or the term of the current sales tax Measure. The ability or need to expedite or maintain the programmed schedule of approved capital projects will be a factor in the decision to issue long-term debt.
- B. Debt Financing Mechanism: The Authority will evaluate the use of financial alternatives available including, but not limited to, long-term debt, short-term debt, commercial paper, direct bank loans, private placement and inter-fund borrowing. The STA will utilize the most cost advantageous financing alternative consistent with limiting the Authority's risk exposure.
- C. Credit Quality: Credit quality is an important consideration for the Authority. All STA debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the Authority's debt management and project delivery objectives.

#### **V. Purpose of Financing**

The general purpose of bond financing falls into three general categories: (1) to finance new capital infrastructure, (2) to refinance existing bonds to reduce financing costs, risk or both, or (3) to reimburse an agency for eligible capital expenditures made within the last 18 months. These purposes are described in more detail below:

- A. New Money Financing: New money issues are those financings that generate additional funding to be available for expenditure on capital projects. These funds will be used for acquisition, construction, and major rehabilitation of capital assets. New money issues will be proposed in the context of STA's Plan of Finance and will be consistent with the 2004 Transportation Expenditure Plan and Measure A Ordinance.
  
- B. Refunding Bonds: Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Most typically this is done to refinance at a lower interest rate to reduce debt service. Alternatively, some refundings are executed for a reason other than to achieve cost savings, such as to restructure the repayment schedule of the debt, to change the type of debt instruments being used, or to retire an indenture in order to remove undesirable covenants. In any event, a present value analysis must be prepared that identifies the economic effects of any refunding being proposed to the STA.

The Authority has established a minimum debt service savings threshold goal of 3.0% of the refunded bond principal amount, on a maturity-by-maturity basis, unless there are other compelling reasons for defeasance. As an exception to this target savings threshold, the Authority may elect to include bonds maturing in the next 24 months into a larger refunding if those maturities provide some positive savings. The present value savings will be net of all costs related to the refinancing.

- C. Reimbursement Bonds: A reimbursement bond is a tax-exempt bond the proceeds of which are allocated to prior expenditures originally paid from sources other than bond proceeds. A proper reimbursement allocation results in the proceeds being treated as spent for the governmental purpose of the original expenditures even though the actual moneys are used to replenish the funds originally used to pay the expenditures.

Under federal tax regulations, the proceeds of bonds may be allocated to a prior capital expenditure, but only if a formal declaration of reasonable intention to reimburse the expenditure with the proceeds of a borrowing (a "declaration of official intent") had been properly made within sixty (60) days after the date the expenditure was paid. This declaration of official intent is commonly made via a reimbursement resolution adopted by the Board. If a declaration of official intent has been made, bond proceeds may be allocated to expenditures previously made for a period of up to 18 months after the date the expenditures were made.

## VI. **Types of Debt**

The market for municipal finance is well developed and provides numerous products or types of debt that the Authority will evaluate on a case-by-case basis. Some of the



types of debt – long-term, short-term and variable rate – available to the Authority are described in this section.

**A. Long Term Debt**

1. Current Coupon Bonds: are bonds that pay interest periodically and principal at maturity. They may be used for both new money and refunding transactions. Bond features may be adjusted to accommodate the market conditions at the time of sale, including changing dollar amounts for principal maturities, offering discount and premium bond pricing, modifying call provisions, utilizing bond insurance, and determining how to fund the debt service reserve fund.
2. Zero Coupon Bonds: pay interest that is compounded and paid only when principal matures. Interest continues to accrue on the unpaid interest at rates that are typically higher than rates on current-coupon bonds, therefore representing a more expensive funding option. Principal paid at maturity is discounted back to the initial investment amount received at issuance.
3. Transportation Infrastructure Finance Innovation Act (TIFIA) Loan: is a loan provided by the United States Department of Transportation for certain transportation projects of regional importance. A TIFIA loan may contain comparatively flexible repayment provisions and an interest rate that is tied to the prevailing 30-year US Treasury Bond yield. The Authority may elect to apply for a TIFIA loan if it is determined that it is the most cost-effective debt financing option available.

**B. Short-Term Debt**

1. Commercial Paper Notes: may be issued as an alternative to fixed rate debt, particularly when the timing of funding requirements is uncertain. The Authority may maintain an ongoing commercial paper program to ensure flexibility and immediate access to capital funding when needed.
2. Bond Anticipation Notes (BANs): May be issued to meet near-term needs and refinanced in anticipation of the future issuance of bond proceeds. BANs provide near-term funding with a fixed rate.
3. Grant Anticipation Notes (GANs): are short-term notes that are repaid with the proceeds of State or Federal grants of any type. The Authority shall generally issue GANs only when there is no other viable source of funding for the project
4. Lines of Credit: shall be considered as an alternative to or credit support for other short term borrowing options.

**C. Variable Rate Debt**

1. Variable Rate Debt. It is sometimes appropriate to issue short-term or long-term variable rate debt to diversify the debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of variable rate assets to variable rate liabilities. The amount of unhedged variable rate debt will generally not exceed 20% of all outstanding debt.

Variable rate securities, including floating rate notes, may be used in conjunction with a financial strategy, which results in synthetic fixed rate debt. Synthetic fixed rate debt may be utilized when the interest rate cost is sufficiently lower than traditional fixed rate debt or serves as an effective strategy to remove future interest rate risk.

**VII. Terms and Structure of Bonds**

The terms and structure of a specific bond issuance will be developed within a prudent legal framework and with the objective of maintaining strong credit ratings, addressing investor concerns, minimizing risk to the Authority and preserving future flexibility in a cost-effective manner. Some of the terms and structural considerations are discussed below

- A. Term:** All capital improvements financed through the issuance of debt will be financed for a period not to exceed 120% of the expected average useful life of the assets being financed, and in no event should exceed the expiration date of the current sales tax measure.
- B. Lien Levels:** Senior and Junior Liens for each revenue source may be utilized in a manner that will maximize the most critical constraint -- typically either cost or capacity -- thus allowing for the most beneficial use of the revenue source securing the bond.
- C. Debt Service Structure:** The Authority will examine debt service structures in the context of program needs. Combined principal and interest payments for any particular bond issue will first be examined as a level payment structure. Deferred principal can create increased program and project delivery capacity and will also be examined. The Authority's debt service structure will be sized within conservative revenue constraints and with the objective of maintaining strong credit ratings.
- D. Capitalized Interest:** Unless otherwise required, capitalized interest will not be employed. This avoids unnecessarily increasing the bond size. Certain types of



financings, such as toll revenue bonds, may require that interest on the bonds be paid from capitalized interest until the Authority has constructive use of the project and project related revenues are expected to be available to pay debt service.

- E. Additional Bonds Test: Any new senior lien debt issuance must not cause the Authority's debt service to exceed the level at which prior year revenues are less than 200 percent (2.00x) of the maximum annual principal and interest for the aggregate outstanding senior lien bonds including the debt service for the new issuance.
- F. Call Provisions: In general, fixed rate, tax-exempt bonds will be issued with a provision that allows the Authority to call outstanding bonds 10-years after the bond delivery date at par (i.e., no call premium). Shorter calls may be considered to increase program flexibility based on market conditions at the time of pricing.

#### VIII. **Credit Enhancement**

The Authority will consider the cost and benefit of credit enhancement, including the potential funding of a debt service reserve fund, on a case-by-case basis with each separate bond issuance.

- A. Bond insurance: The Authority shall have the authority to purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest expense on insured bonds versus uninsured bonds.
- B. Debt Service Reserves: When beneficial to the Authority, a reserve fund equal to the lesser of ten percent (10%) of the original principal amount of the bonds, maximum annual debt service or one-hundred-and-twenty-five (125%) percent of average annual debt service (the "Reserve Requirement") shall be funded from the proceeds of each series of bonds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers and/or rating agencies.

The STA shall have the authority to purchase reserve equivalents (i.e., the use of a reserve fund surety) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis.

- C. Standby Bond Purchase Agreements (SBPA) and Letters of Credit (LOCs): STA shall have the authority to enter into an SBPA and LOC when such an agreement is deemed prudent and advantageous. SBPAs provide third-party liquidity by commercial banks to purchase the Authority's variable rate bonds in the case of



a failed remarketing. A LOC provides liquidity in addition to credit enhancement on the bonds. Either a SBPA or a LOC are acceptable financial products to support the trading of variable rate demand bonds. The differential costs between SBPAs and LOCs will be considered when selecting either form of agreement. The long-term and short-term credit ratings of those financial institutions offering SBPAs and LOCs will be a critical consideration before procuring either an SBPA or LOC.

#### **IX. Financial Derivative Products (Interest Rate Swaps)**

Interest rate exchange agreements (“swaps”) are arrangements whereby two or more parties, the issuer and one or more counterparties, enter into an agreement to exchange periodic interest payments (no principal is involved). Swaps and related financial instruments and derivatives may be appropriate interest rate management tools. The appropriate application of a derivative product will be evaluated on a case-by-case basis.

The Authority currently has in place an Interest Rate Swap Policy that was adopted by the Authority Board in 2006. The purpose of the Interest Rate Swap Policy is to establish guidelines for the use and management of interest rate swaps and is intended to provide general procedural direction regarding the use, procurement and execution of interest rate swaps. When questions regarding the appropriate use and management of interest rate swaps arise, the Interest Rate Swap Policy shall govern STA’s use and management of all interest rate swaps.

##### **A. Conformance with Dodd-Frank Act**

It is the intent of the Authority to conform to the requirements relating to legislation and regulations for over-the-counter derivatives transactions under Title VII of the Dodd-Frank Wall Street Transparency and Accountability Act of 2010, as supplemented and amended from time to time (herein collectively referred to as “Dodd-Frank”). It is the policy of the Authority that: (i) each swap advisor engaged or to be engaged by the Authority will function as the designated qualified investment independent representative of the Authority, (“Designated QIR”); (ii) each swap advisor agrees to meet and meets the requirements specified in Commodity Futures Trading Commission Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the “QIR Regulation”); (iii) each swap advisor provide a written certification to the Authority to the effect that such swap advisor agrees to meet and meets the requirements specified in the QIR Regulation; (iv) the Authority monitor the performance of each swap advisor consistent with the requirements specified in the QIR Regulation; (v) the Authority exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy; (vi) the Authority rely on the advice of its swap advisor with respect to transactions authorized pursuant to this Debt Policy and not rely on recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy; (vii) the Authority comply with all recordkeeping, reporting and





certification requirements for end-users as applicable under the Commodity Exchange Act ("CEA")

**X. Method of Bond Sale**

The Authority will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation. Generally, there are three methods of sale: competitive, negotiated and private placement. Each type of bond sale has advantages and the potential to provide the lowest cost given the right conditions.

- A. Competitive Sale:** A competitive bond sale is used by established issuers, with strong credit ratings during times in which there are stable market conditions. With a competitive sale, an underwriter is not selected prior to the date of sale. The issuer works with their financial advisor and legal counsel to prepare documents, rating strategies and to notify market participants of the coming bond sale according to a published Notice of Sale. Industry accepted information outlets as well as phone calls made directly to the desks of underwriting firms are used to notify underwriters of the upcoming sale. The underwriter is selected based solely on price on the day of sale when bids are accepted.

A competitive sale allows an issuer to control bidding parameters and select the winning underwriter solely on the lowest True Interest Cost (TIC) submitted during a 30-minute bid process. No input on credit, structure or other matters is received from underwriters under a competitive sale.

- B. Negotiated Sale:** In a negotiated bond sale the issuer selects the underwriter several months before the sale of the bonds through a competitive RFP process. The underwriter is selected based upon relevant experience, recent bond sale performance and fees, among other factors. The final pricing of the bonds is directly negotiated with the underwriter based upon investor demand and orders received on the day of sale. The issuer generally relies upon the financial advisor during the negotiation process.

A negotiated sale is common for a new or infrequent issuer or an issuer with a weak bond rating. A negotiated sale can be advantageous during high volatility in the financial markets or during periods of low investor demand. Issuers who desire the underwriter's input on credit rating strategies, deal structure, document preparation, etc., will elect to sell bonds through a negotiated sale.

- C. Private Placement:** is a sale that is structured specifically for one purchaser such as a commercial bank. A direct purchase agreement or revolving credit facility is a form of a private placement. Such placement shall be considered if this method



is likely to result in a cost savings, more attractive terms and conditions to the Authority, or both relative to other methods of debt issuance.



## **XI. Market Relationships**

As an issuer who values cost-effective market-access, the Authority will actively provide requested information and maintain relationships with rating agencies, investors and other market participants, as needed.

- A. Rating Agencies:** The Accounting Manager shall be primarily responsible for maintaining our relationships with those rating agencies (i.e., Standard & Poor's, Moody's Investors Service and Fitch Ratings) from whom the Authority requests and holds ratings. The Authority may, from time-to-time, choose to deal with only one or two of these agencies as circumstances dictate. In addition to general communication, the Accounting Manager shall offer conference calls and/or meetings with agency analysts in connection with a planned sale.
- B. Investor Relations:** Timely and accurate information shall be provided in response to inquiries from investors in order to maintain positive ongoing investor relations.
- C. Board Communication:** As a means of providing feedback from rating agencies and/or investors regarding our financial strengths and weaknesses as perceived by the marketplace, information will be provided to the Board when and if material information develops.

## **XII. Continuing Disclosure**

It is the Authority's policy to remain in compliance with Title 17 Code of Federal Regulations §240 15c2-12, Municipal Securities Disclosure, by filing our annual financial statements and other financial information for the benefit of our bondholders within [270 days] of the close of the fiscal year and file material event notices in a timely manner.

## **XIII. Consultants**

The Authority shall select its primary consultant(s) by a competitive qualifications-based process through Request for Proposals.

- A. Selection of Financing Team Members:** The Accounting Manager will make recommendations for all financing team members, with the Board providing final approval.
  - 1. Financial Advisor:** The Authority shall utilize a financial advisor to assist in its debt issuance and debt administration processes. Selection of the Authority's financial advisor(s) shall be based on, but not limited to, the following criteria: (a) experience in providing consulting services to complex issuers, (b) knowledge and experience in structuring and analyzing complex issues, (c) experience and reputation of assigned personnel, and (d) fees and expenses.

2. Bond Counsel. Transaction documentation for debt issues shall include a written opinion by legal counsel affirming that we are authorized to issue the proposed debt, that we have met all constitutional and statutory requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. A nationally recognized bond counsel firm with extensive experience in public finance and tax issues will prepare this approving opinion and other documents relating to the issuance of debt. The bond counsel will be selected through a competitive RFP process.
3. Disclosure Counsel. When undertaking a bond sale, disclosure counsel may be retained to prepare the official statement if additional independence or expertise is needed. Disclosure counsel will be responsible for ensuring that the official statement complies with all applicable rules, regulations and guidelines. Disclosure counsel will be a nationally recognized firm with extensive experience in public finance. The disclosure counsel will typically be selected through a competitive RFP process.
4. Underwriter: The Authority shall have the right to select a senior manager and co-managers for a proposed negotiated sale. The Authority may establish a pool of eligible underwriters, or select firms on an as-needed basis. In either case, underwriters for a particular transaction will be selected through a competitive RFP process.
5. Underwriter Counsel: In any negotiated sale of Authority debt in which legal counsel is required to represent the underwriter, the lead underwriter will make the appointment, subject to Authority approval.

**XIV. Post-Issuance Compliance Procedures**

The Authority will establish and document procedures to ensure that it complies with requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied with respect to tax-exempt bonds and other obligations after the bonds are issued so that interest on the bonds is and will remain tax-exempt.

**XV. Annual Overview to the Board of Directors**

The Authority shall provide a comprehensive annual overview of its bond debt to the Board of Directors. The overview should include relevant information on outstanding bonds, debt service schedules, call options, covenants, financial ratios, potential refinancing opportunities, and any other significant changes or developments related to the bond debt.



The annual overview should be prepared by the finance department in collaboration with the external financial advisor involved in management of the bond debt.

The overview should be presented to the Board of Directors during a scheduled board meeting, allowing adequate time for review and discussion.



# Sacramento Transportation Authority

## Swap Termination and Refunding Presentation

**Presented by PFM Financial Advisors LLC**

**June 16, 2023**

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PFM Financial Advisors LLC

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3rd Floor  
San Francisco, CA 94104  
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# 1. Swap Termination and Refunding Presentation





# Refunding of Variable Rate Bonds and Termination of Interest Rate Swaps

## ↳ Issue fixed rate bonds to:

- Refund \$318.3 million of variable rate bonds
- Pay for \$36 million termination cost of eliminating the interest rate swaps
- Secure call option on the new bonds to refinance in 2033 for potential debt service savings

## ↳ Pros

- Eliminates all variable rate bonds and interest rate swaps
- Simplifies portfolio and reduces risk
- Provides flexibility to refund fixed rate bonds in 2033 for potential future savings of approximately \$15 million
- Eliminates any uncertainty with upcoming (June 2023) LIBOR index transition

## ↳ Cons

- Current rates increase total debt service costs by \$12 million, Net Present Value (NPV) through 2039, which is 3.77% of refunded principal amount
- Would reduce funding available for the Five-Year Capital Improvement Program



## Swap Termination & Refunding Results

- ↪ Refunding all of the variable rate bonds and terminating the interest rate swaps by issuing new fixed rate bonds would increase debt service by \$12 million (NPV) through 2039; which is 3.77% of refunded principal amount
- ↪ The new bonds could be refunded in 2033 with the potential for savings of approximately \$15 million at that time

Date	Prior Debt Service	Refunding Debt Service	Gross Savings	NPV Savings
6/30/2024	11,706,742.27	10,962,894.44	743,847.83	762,835.88
6/30/2025	12,671,655.42	15,238,000.00	(2,566,344.58)	(2,446,845.87)
6/30/2026	12,695,001.64	15,238,000.00	(2,542,998.36)	(2,354,695.26)
6/30/2027	12,729,878.02	15,238,000.00	(2,508,121.98)	(2,255,981.33)
6/30/2028	12,753,224.20	15,238,000.00	(2,484,775.80)	(2,171,554.94)
6/30/2029	34,416,005.70	34,855,000.00	(438,994.30)	(351,296.65)
6/30/2030	35,647,759.93	36,096,375.00	(448,615.07)	(350,781.01)
6/30/2031	35,553,272.45	36,003,750.00	(450,477.55)	(343,997.24)
6/30/2032	35,629,863.52	36,077,750.00	(447,886.48)	(333,680.89)
6/30/2033	35,636,415.07	36,087,750.00	(451,334.93)	(328,652.84)
6/30/2034	35,722,057.13	36,170,250.00	(448,192.87)	(322,634.88)
6/30/2035	35,735,274.18	36,181,750.00	(446,475.82)	(312,919.55)
6/30/2036	35,816,302.77	36,273,375.00	(457,072.23)	(312,439.28)
6/30/2037	35,793,772.91	36,247,250.00	(453,477.09)	(303,442.61)
6/30/2038	35,870,212.33	36,319,875.00	(449,662.67)	(294,861.57)
6/30/2039	35,873,214.28	36,331,125.00	(457,910.72)	(294,540.07)
<b>Total</b>	<b>\$454,250,651.82</b>	<b>\$468,559,144.44</b>	<b>(\$14,308,492.62)</b>	<b>(\$12,015,488.11)</b>

\*Rates as of 6/7/2023



## Future Bonds Refunding

- ↪ If STA refunds the callable bonds in 2033, the potential debt service savings could be \$15.4 million (NPV)
  - Future rate assumption: The 20-year average of tax-exempt rates
- ↪ Net overall savings of \$3.4 million from the 2023 potential issuance
- ↪ Tax-Exempt rates can increase 67 basis points over the 20-year average for the Authority to break even in Net Present Value Savings (i.e., to achieve \$12 million in PV savings in 2033)
- ↪ STA's debt policy has been updated to require annual analysis and Board updates on the refunding opportunities

Date	Prior Debt Service	Refunding Debt Service	Gross Savings	NPV Savings
6/30/2034	4,011,875.00		4,011,875.00	3,979,937.72
6/30/2035	36,181,750.00	33,787,875.00	2,393,875.00	2,354,210.89
6/30/2036	36,273,375.00	33,879,125.00	2,394,250.00	2,317,628.45
6/30/2037	36,247,250.00	33,851,125.00	2,396,125.00	2,283,063.91
6/30/2038	36,319,875.00	33,922,250.00	2,397,625.00	2,248,681.55
6/30/2039	36,331,125.00	33,932,625.00	2,398,500.00	2,214,259.67
<b>Total</b>	<b>\$185,365,250.00</b>	<b>\$169,373,000.00</b>	<b>\$15,992,250.00</b>	<b>\$15,397,782.19</b>



## Recommended Refunding Authority

↪ The Authorizing Resolution limits the total cost that this transaction can result in:

↪ “...the issuance of the Series 2023 Bonds, together with the Refinancing and the Swap Terminations, shall not result in a present value cost greater than (i) \$15,000,000, and (ii) 4.71% of the principal amount of the refunded portion of the Variable Rate Bonds.”

↪ Primary approach: refunding all the existing variable rate bonds

- Principal amount of the refunded bonds = \$318,300,000
- Present value savings = (\$12,011,069)
- $(\$12,011,069) / \$318,300,000 = (3.77\%)$

↪ Secondary approach: refunding a portion of the variable rate bonds (*for illustrative purposes*)

- Principal amount of the refunded bonds = \$200,000,000
- Present value savings = (\$9,420,000)
- $(\$9,420,000) / \$200,000,000 = (4.71\%)$



# Appendix



## Current Debt Portfolio

STA has outstanding debt in the par amount of \$342.5 million

**Sacramento Transportation Authority Debt Summary**

SERIES	OUTSTANDING PAR	FINAL MATURITY	MODE	SBPA/DIRECT PURCHASE	EXPIRATION/TENDER DATE	REMARKETING AGENT
2009C	\$106,100,000	10/1/2038	Weekly VRDB	US Bank N.A. SBPA	11/20/2027	US Bank
2014A	\$106,100,000	10/1/2038	Weekly VRDB	Sumitomo Mitsui Banking Corp.	10/30/2024	Wells Fargo
2015A	\$106,100,000	10/1/2038	Weekly VRDB	Sumitomo Mitsui Banking Corp.	5/12/2023	JP Morgan
2022	\$24,245,000	10/1/2027	Fixed Rate	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$342,545,000</b>					

The Authority's three swaps have a market valuation of (\$39.46 million)

- None of the swaps have a collateral posting requirement and all swaps have performed as anticipated

**Sacramento Transportation Authority Swaps Summary**

ASSOCIATED SERIES	AUTHORITY PAYS	AUTHORITY RECEIVES	EFFECTIVE DATE	TERMINATION DATE	NOTIONAL AMOUNT	COLLATERAL THRESHOLD AMOUNTS	COUNTERPARTY	CURRENT MARKET VALUATION
						Aa3/AA+		
2009C	3.74%	67% of 1-month LIBOR	10/1/2009	10/1/2038	106,100,000	Not Applicable	Bank of America N.A.	(\$12,524,823)
2014A	3.74%	67% of 1-month LIBOR	10/1/2009	10/1/2038	106,100,000	Not Applicable	Goldman Sachs Capital Markets	(\$10,987,494)
2015A	3.67%	67% of 3-month LIBOR	10/1/2009	10/1/2038	106,100,000	Not Applicable	JP Morgan Chase Bank N.A.	(\$12,522,561)
<b>TOTAL</b>					<b>\$318,300,000</b>			<b>(\$36,034,878)</b>

Market Valuations are dated 6/07/2023 from PFM Swap Advisors



## Total Cost on Interest Rate Swap and Bonds

↪ STA's all-in cost of capital on the interest rate swaps is 4.01%, including all ancillary fees

Total Cost of Interest Rate Swap	
<u>STA Pays</u>	
Swap Fixed Rate	3.71%
Fees to Remarketing Agents	0.06%
Fees to Liquidity Providers	0.37%
Positive STA Bond/Swap Differential	(0.12%)
<b>All in Cost:</b>	<b>4.01%</b>

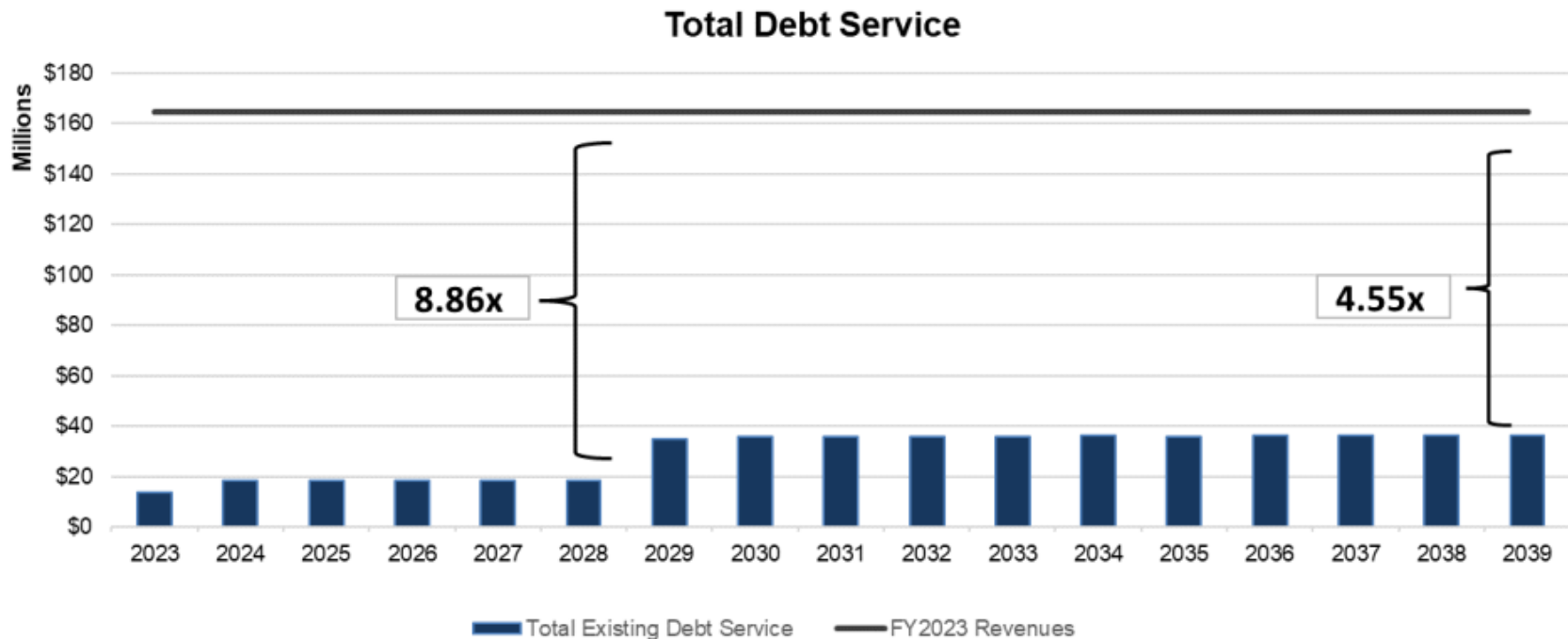


## Debt Service Coverage Ratio

Annual Debt Service ranges from \$13.7 million in FY2023-28 to \$36.1 million in FY2029-39

Annual Debt Service (DS) Coverage (with FY2022 budgeted revenues = \$164.4 million)

- Annual DS coverage through 2028: 8.86x
- Maximum Annual DS coverage: 4.55x

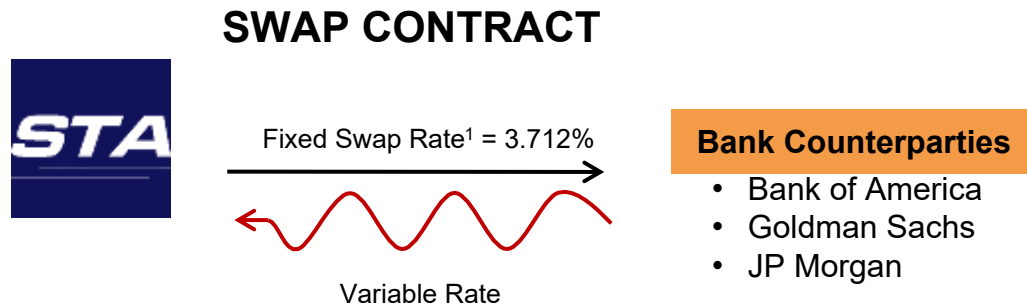






## Interest Rate Swap Overview

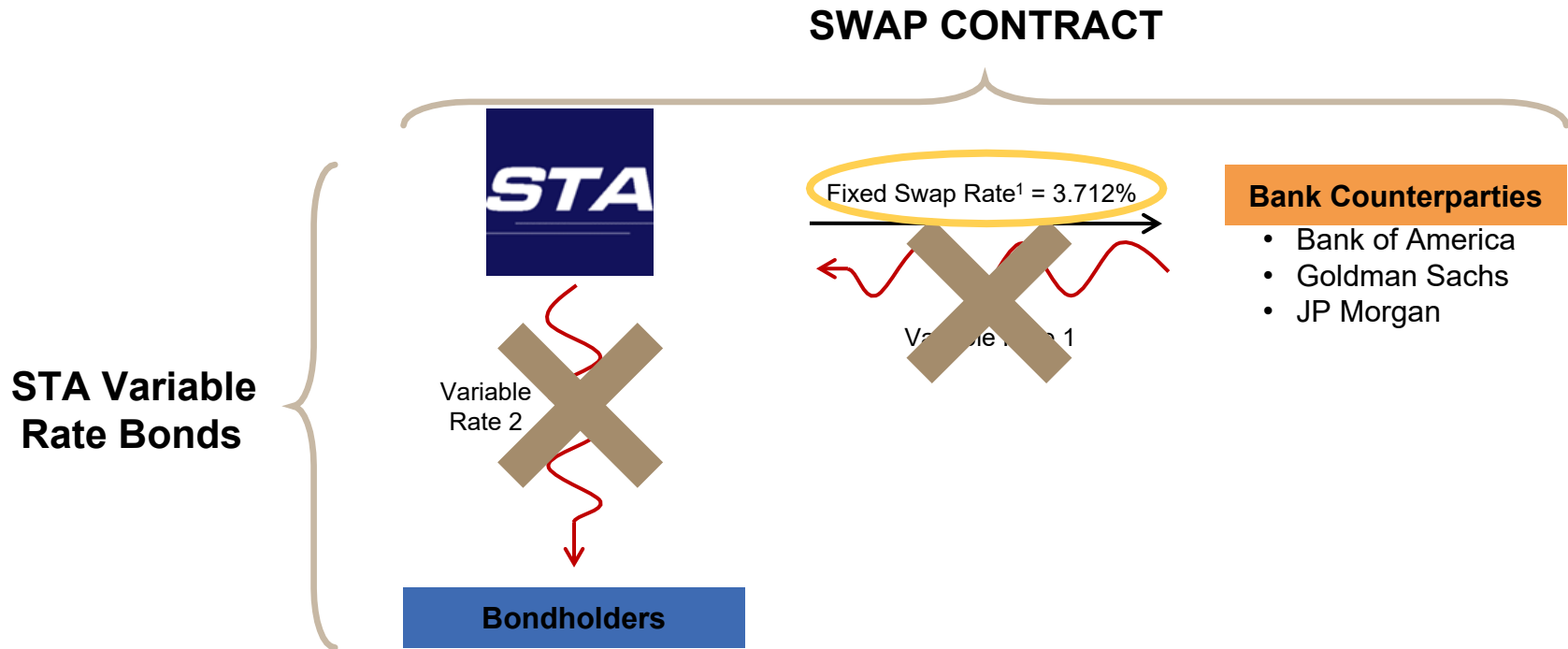
- ↪ An interest rate swap is a contract between two counterparties to exchange interest rate payments over time.
- ↪ Purpose: the swap contract locks in the fixed rate.





## Interest Rate Swap Overview

- ↪ The swap locks in the rate – the variable rate bonds raise funds for projects
- ↪ To the extent that  $variable-rate-1 = variable-rate-2$  (i.e., inflows equal outflows) STA's net payment is the fixed swap rate



**Thank You**



**pfm**

# SACRAMENTO TRANSPORTATION AUTHORITY

## AGENDA ITEM CONTINUATION MEMO

**MEETING DATE:** June 16, 2023

**TITLE:** Approve Refunding of the 2009C, 2014A, and 2015A Series Bonds and Debt Policy Update and Related Matters (Item No. 11)

**ACTION:** **Continued to August 10, 2023**



August 10, 2023

AGENDA ITEM # 8

**ADOPT RESOLUTION DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO EXECUTE AGREEMENTS WITH FEDERAL, STATE, OR REGIONAL AGENCIES IN ORDER TO RECEIVE OR DISPERSE FEDERAL OR STATE GRANT FUNDS ON BEHALF OF PARTNER AGENCIES.**

Action Requested: Adopt and Approve

Key Staff: Kevin Bewsey, Executive Director

Dustin Purinton, Accounting Manager

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**Recommendation**

Adopt a resolution delegating authority to the Executive Director to execute agreements with Federal, State, or regional agencies in order to receive or disperse Federal and State grant funds on behalf of partner agencies.

**Background**

Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, was signed into law in April 2017. Since that time the Sacramento Transportation Authority (STA) has taken a much more active role in obtaining competitive State grant funding. SB 1 provides \$200 Million a year through the Local Partnership Program to agencies like STA with voter approved measures like Measure A. For the past three cycles of SB 1 competitive funding this agency has prioritized Local Partnership Program competitive grant applications and submitted these applications on behalf of the implementing agencies. In this last cycle, STA also applied for SB 1 Trade Corridor Enhancement Program (TCEP) competitive grant dollars on behalf of the California Department of Transportation (Caltrans).

STA is also the only Self-Help County agency in the six county Sacramento Area Council of Governments (SACOG) region. This has allowed implementing agencies to be very competitive for the various SB 1 competitive programs. As an example, in December 2017, the STA Governing Board advanced \$42.5 million in Measure A funds to Caltrans to help position their projects for the first cycle of SB 1 Solutions for Congested Corridor Program (SCCP) competitive grant dollars.

The following projects were awarded with SB 1 funding due to the efforts of STA as summarized below.

- 2018 Program (FY 2017-18 through 2019-20)
  - \$20 Million, Capital SouthEast Connector Expressway, LPP
  - \$15 Million, Sac 5 Corridor Enhancements/1-5 HOV Lanes, SCCP
  - \$110 Million, US 50 Multimodal Corridor Enhancements, SCCP
- 2020 Program (FY 2020-21 through 2022-23)

- \$13.3 Million, South Watt Avenue Improvement Project, LPP
- 2022 Program (FY 2023-24 through 2024-25)
  - \$25 Million, US 50 Gold Line Corridor Enhancement Project, LPP
  - \$10 Million, I-5 Managed Lanes Project TCEP

In 2021, the Infrastructure Investment and Jobs Act (IIJA), aka Bipartisan Infrastructure Law (BIL), was signed into law. This new law, like SB 1 at the State level, has created a variety of new competitive funding programs at the Federal level. Around that same time Caltrans District 3 asked that Yolo County Transportation District (YCTD) submit an Infrastructure for Rebuilding America (INFRA) Federal grant application on behalf of Caltrans for their Yolo 80 Managed Lanes Project. Due to this partnership, this project was awarded \$86 Million.

In May 2023 Caltrans District 3, asked STA staff consider pursuing eligibility to receive and apply for Federal competitive grant funds on behalf of Caltrans. Caltrans staff as well as STA staff anticipate the need to leverage local funds for several upcoming projects including the following:

- I-5 Sacramento Managed Lanes from US 50 to Yolo County Line
- I-5/1-80 Interchange
- Route 99 Sacramento Managed Lanes
- I-80 Sacramento/Placer Managed Lanes

See Attachment 2 for a copy of this letter.

### **Discussion**

Federal and State grants are an important way to fund capital improvement projects and help the Authority leverage Measure A dollars on behalf of STA's partner agencies. With the various Federal and State grant opportunities available through IIJA and SB 1, we anticipate that STA will continue to be asked to apply for these grants. Staff will continue to seek approval from the STA Governing Board prior to applying for these grants.

However, many of these funding programs require agencies that apply also be eligible to receive Federal or State funding. These funding programs may also require project specific agreements to disperse funding to agencies. These agreements are intended to ensure the grant funds are used only for their intended purpose and to address accountability, reporting, and reimbursement.

As such staff recommends that the STA Governing Board adopt a resolution authorizing the Executive Director to execute agreements with Federal, State or regional agencies in order to receive or disperse Federal or State grant funds on behalf of partner agencies. There is the potential for ongoing administrative costs to STA in serving in this role. However, STA has been successful at least with the SB 1 awards in assigning both the grant funding and the administrative and reporting duties to the Implementing Agency. STA staff believes that it will also be feasible at the Federal Level.

To keep the STA Governing Board informed of activities related to this recommended action or subsequent approval to submit grant applications, the regular Executive Director's Report will describe the activities related to agreements, grant application submittals, and awards.

**Fiscal Impact**

This action will not directly impact the Authority's Annual Budget. It will only allow the Authority to apply for grant funds and if necessary, receive awarded grant funds. STA Governing Board action is still required to amend the Authority's Annual Budget prior to its use.

*Attachment*

- 1) Resolution Delegating General Authorization for Execution of Federal and State Grants
- 2) Caltrans Request for STA to pursue eligibility of Federal Funding

SACRAMENTO TRANSPORTATION AUTHORITY

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO EXECUTE AGREEMENTS WITH FEDERAL, STATE, OR REGIONAL AGENCIES IN ORDER TO RECEIVE OR DISPERSE FEDERAL OR STATE GRANT FUNDS ON BEHALF OF PARTNER AGENCIES.**

WHEREAS, the Sacramento Transportation Authority is eligible to receive Federal and/or State funding through the Federal Highway Administration, Federal Transit Administration, California Department of Transportation, California Transportation Commission, and Sacramento Area Council of Governments; and

WHEREAS, grant administering agencies typically require the execution of a funding agreement prior to receiving these funds to ensure the grant funds are used only for their intended purpose and to address accountability, reporting, reimbursement, and in furtherance of this authority, grant administering agencies are required to establish procedures governing the application, award and management of the grants; and

WHEREAS, STA's Partnering Agencies defined as those agencies that receive Measure A funds readily apply for Federal and State grant funds to leverage those same funds, however, certain Federal and State grant programs may limit who can apply for these grant programs and

WHEREAS, Sacramento Transportation Authority has been requested to apply for Federal and State grant funds and anticipates the need to leverage local funds for several upcoming projects on behalf of partner agencies.

THEREFORE, BE IT RESOLVED that the Sacramento Transportation Authority hereby authorizes the Executive Director, to execute any and all agreements with Federal, State or regional agencies relating to Federal and State grant funds for transportation and transit projects including, without limitation, Master Agreements, Program Supplemental Agreements, Sub-recipient Agreements, Fund Exchange Agreements, Fund Consolidation, Fund Transfer Agreements, and/or Baseline Agreements.

On a motion by member \_\_\_\_\_, seconded by Member \_\_\_\_\_, the foregoing resolution was passed and adopted by the Governing Board of the Sacramento Transportation Authority at a regular meeting thereof this 10th day of August 2023, by the following vote, to wit:

AYES:

NOES:

ABSENT:

RECUSAL:



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Chair of the Governing Body of the  
Sacramento Transportation Authority

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Clerk of the Governing Body of the  
Sacramento Transportation Authority

## California Department of Transportation

DISTRICT 3  
703 B STREET | MARYSVILLE, CA 95901-5556  
(530) 741-4545 | FAX (530) 741-4245 TTY 711  
[www.dot.ca.gov](http://www.dot.ca.gov)



May 1, 2023

Kevin Bewsey  
Executive Director  
Sacramento Transportation Authority

RE: Request for Sacramento Transportation Authority (STA) to pursue eligibility of Federal Funding

Dear Executive Director Bewsey:

Caltrans thanks STA for their participation in funding many of the state highway projects in Sacramento region over many years with Measure A. While the tax measure has been great as a local match for funding, it is not enough to fully design and construct the project. Most other transportation funding authorities across the state are federally eligible and regularly sponsor their partner agencies in federal discretionary grant applications. As we have seen in the awards of recent competitive transportation grants, those agencies that have been successful had leveraged federal funding. Caltrans is requesting that STA pursue eligibility to receive federal funding and be able to apply for federal transportation grants that will help mobility in the Sacramento Region.

For the Sacramento Region, Caltrans project priorities in the next five years for any significant Federal grants (i.e., INFRA, MEGA, etc.) are listed below:

- I-5 Sacramento Managed Lanes from US 50 to Yolo County Line
- I-5/I-80 Interchange
- Route 99 Sacramento Managed Lanes
- I-80 Sacramento/Placer Managed Lanes

Sincerely,

  
AMARJEET S. BENIPAL  
Director

C: Sukhvinder Takar



AUGUST 10, 2023

AGENDA ITEM # 9

**RECEIVE INFORMATION ON THE ACTIVITIES OF THE FUTURE TRANSPORTATION FUNDING SUBCOMMITTEE AND RELATED EFFORTS**

Action Requested: Receive and File

Key Staff: Kevin M. Bewsey, Executive Director

**Recommendation**

Receive information on the activities of the Future Transportation Funding Subcommittee and related efforts.

**Background**

In February 2023, the Sacramento Transportation Authority (STA) Governing Board (Board) authorized the formation of a temporary Future Transportation Funding Subcommittee (Subcommittee) to examine local transportation needs and the practicality of future transportation funding, the level of revision that should be considered from prior efforts, and the process, timeline, and community engagement that should be considered in developing a new transportation funding source. The temporary Subcommittee would make recommendations to the full Board.

As part of the February Board action, Chair Desmond was authorized to select the Subcommittee members. At the March STA Governing Board meeting, Chair Desmond announced that the Subcommittee members that had been selected with two citizen advisory members representing labor and environmental to be selected at the first Subcommittee meeting. At the first Subcommittee meeting two citizen advisory members were selected. The full Subcommittee is listed below:

- Eric Guerra, City of Sacramento
- Rosario Rodriguez, City of Folsom
- Bobbie Singh-Allen, City of Elk Grove
- Donald Terry, City of Rancho Cordova
- Rich Desmond, County of Sacramento
- John Rector, District Representative, Operating Engineers Local Union No. 3
- Deb Banks, Executive Director, Sacramento Area Bicycle Advocates (SABA)

***Subcommittee Meetings***

The Subcommittee meetings were held virtually beginning in April and continuing through June. The below topics were discussed, and presentations made.

- 1) April 5<sup>th</sup> Meeting
  - a) Discussion on citizen advisory members
  
- 2) April 20<sup>th</sup> Meeting
  - a) Presentation on prior funding efforts, See Attachment 1 for a copy of this presentation.
  
- 3) May 3<sup>rd</sup> Meeting
  - a) Discussion on the level of revisions from prior efforts.
  - b) Discussion on 3<sup>rd</sup> party polling along with SacRT and City only measures.
  - c) Discussion on the need for additional stakeholder outreach.
  
- 4) May 22<sup>nd</sup> Meeting
  - a) Stakeholder verbal recommendations from the following individuals:
    - i) Nailah Pope-Harden, Executive Director, ClimatePlan
    - ii) Mike McKeever, former Executive Director of SACOG
  - b) SACOG Presentation on recommendations by James Corless,
    - i) See Attachment 2 for a copy of this presentation.
  
- 5) June 12<sup>th</sup> Meeting
  - a) Stakeholder verbal recommendations from the following individual:
    - i) Michael Quigley, the Executive Director for the California Alliance For Jobs

### **Subcommittee Meetings Summary**

The below summary is organized based on topics in the Subcommittee charge. This summary includes information from various stakeholders and Subcommittee members.

#### **A. Local Transportation Needs**

- a. There remains considerable interest in addressing transportation needs.
- b. Committee members and Stakeholders appear to agree with following needs:
  - i. Addressing the roadway and transit “Fix It First” and safety needs.
  - ii. Providing a safe and connected pedestrian and bicycle network.
  - iii. Ensuring a reliable, safe, and easy to access transit system.
  - iv. Relieving traffic congestion in impacted communities.
  - v. Investing in disadvantaged communities in each jurisdiction.
  - vi. Local funding is needed to compete for State and Federal funds.

#### **B. Revisions From Prior Efforts**

- a. Committee Members and Stakeholders appear to agree that additional work is needed in the following areas:
  - i. Finding a middle ground between local transportation priorities for expansion of our existing transit and roadway system and implementation of SACOG's regional plan.
  - ii. Developing a fiscally feasible strategy for high-capacity transit expansion service that leverages federal and state funds.
  - iii. How a future measure could also address the following:

1. Helping advance meeting the region's GreenHouse Gas (GHG) reduction goals.
2. Supporting local and regional housing needs.
3. Providing jobs that support the local economy.
4. Supporting regional and local economic priorities.
5. Disadvantaged community investment.

**C. Practicality Of Future Transportation Funding**

- a. The transportation and land use context in Sacramento County are highly varied. In the more rural areas of the County, there is a strong interest to address "Fix It First" and safety needs. In the more suburban areas, there remains a strong interest in addressing these same needs, especially in the older communities with aging infrastructure. However, they also have a focus on reducing congestion, providing a connected pedestrian and bicycle network, and easy to access transit. In the more urban areas of the County, where communities are less auto dependent, they have similar needs but there is stronger emphasis on biking, walking, and transit. Considerable coordination and consensus building would be needed to align these various interests behind a county wide ballot measure. This effort is essential for addressing the apprehensions surrounding the feasibility of future transportation funding.
- b. Many stakeholders had concern about the practicality of placing a measure on the Ballot in 2024. Stakeholders provided the following concerns:
  - i. Inflation needs to be under control.
  - ii. Ensuring there is adequate time for the additional outreach needed to build a consensus around a future measure that would be broadly supported.
  - iii. A Statewide Ballot Proposition called The Taxpayer Protection and Government Accountability Act will be on the Ballot in 2024. This proposition will likely create opposition for any local sales tax measure.
- c. Most Committee Members would want to see polling that supports a new county wide ballot measure before determining if it is practical to move forward.

**D. Process, Timeline, and Community Engagement**

- a. Stakeholders suggested the following outreach needs should be built into the process of developing a new transportation funding source:
  - i. Community and stakeholder engagement throughout the process.
  - ii. Targeted outreach to disadvantaged communities.
  - iii. Focus groups to define current issues in sub areas.
- b. Most Committee Members want to see polling that supports a new county wide ballot measure before considering a timeline and process moving forward.

***Related Efforts***

In addition to the Subcommittee meetings described above, STA staff has been engaged in the following efforts:

- Coordination between SACOG and SacRT regarding the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) and discussing which transit projects

or programs provide the most value in increasing ridership and consequently helping meet the region's GHG reduction goals.

- Coordination with SACOG on which projects and programs provide the most value in meeting the region's GHG reduction goals. See Attachment 3 for a copy of this Memo.
- Discussion on how to potentially leverage SACOG's 2025 Blueprint Pathways process to aid in finding common ground with local priorities.
- Coordination with staff from the California Air Resources Board to understand their transportation funding priorities.
- Development of a Regional Pavement Analysis with the County and Cities to understand the overall financial need.

### **Discussion**

The Subcommittee has heard from various stakeholders and STA staff about prior efforts and lessons learned along with recommendations for future funding efforts. While there remains a variety of transportation needs that could be addressed with future funding, determining the practicality of a measure passing without polling is a challenge. Before developing recommendations for the full Board, the Subcommittee would like to wait on polling results for a county-wide measure.

Regardless of whether STA moves forward with future funding efforts, it has become clear that STA needs to move forward with Public Outreach to educate the public and stakeholders about the activities of STA and Measure A. The Fiscal Year 2023/24 budget has \$96,000 for this type of Public Outreach. STA has executed a small contract to develop a public relations strategy and anticipates additional outreach contracts in the future.

### **Fiscal Impact**

There is no direct fiscal impact associated with this item.

### ***Attachments***

1. Presentation on Previous Funding Efforts, STA, 4/20/2023
2. Presentation on Future Transportation Funding, SACOG, 5/22/2023
3. Memo on Infrastructure Investments To Reduce Transportation-Related Greenhouse Gas Emissions in Sacramento County, SACOG, 7/20/2023

# Previous Funding Efforts

April 20, 2023

Kevin M. Bewsey, PE Executive Director



# Overview

- 1. Approved Measures (1989, 2009)**
2. Getting Measures on the ballot (2016, 2020)
3. Compare the Measures (2009, 2016, 2020, 2022)
4. Postmortem (2016, 2022)





# Original Measure A (1989 -2009)

- Imposed half-cent sales tax countywide
- 20-year term, started April 1, 1989
- 35% for Regional Transit, 35% public road construction, 28% public road maintenance, and 2% elderly & handicapped transportation
- Administration expenses of 1 percent taken off the top
- Ended March 31, 2009



# Measure A (2009 - 2039)

- Ballot measure in 2004 overwhelmingly approved (75% yes)
- Extended half-cent sales tax another 30 years
- 38.25% for Regional Transit, 20% public road construction 30% public road maintenance, 5% biking and walking, 4.5% elderly & handicapped transportation and 1.5% Air Quality and
- Required imposition of traffic mitigation (impact) fees
- Independent Taxpayers Oversight Committee (ITOC)
- All administrative expenses capped at 0.75%
- Ends March 31, 2039

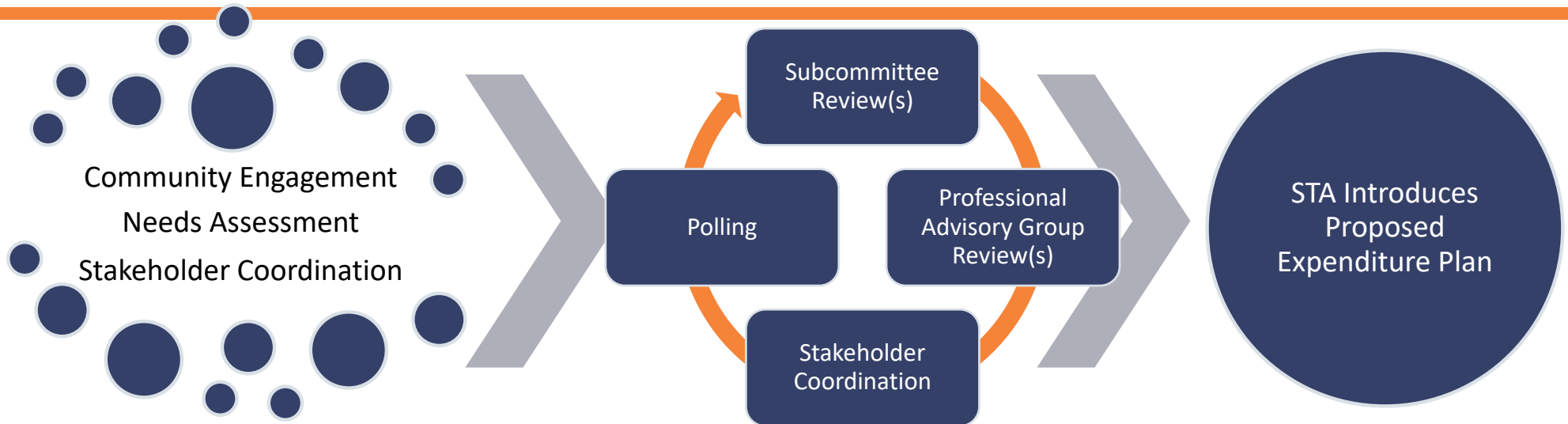


# Overview

1. Approved Measures (1989, 2009)
- 2. Getting Measures on the ballot (2016, 2020)**
3. Compare the Measures (2009, 2016, 2020, 2022)
4. Postmortem (2016, 2022)



# Expenditure Plan Development



## Keys to a successful Expenditure Plan

- Supported by the Voters
- Politically Acceptable
- Avoids Opposition



# Prior Expenditure Plan Challenges

## Political Challenges:

- Roads vs Transit
  - Senior and Disabled Funding Split
- Regional vs Local Control

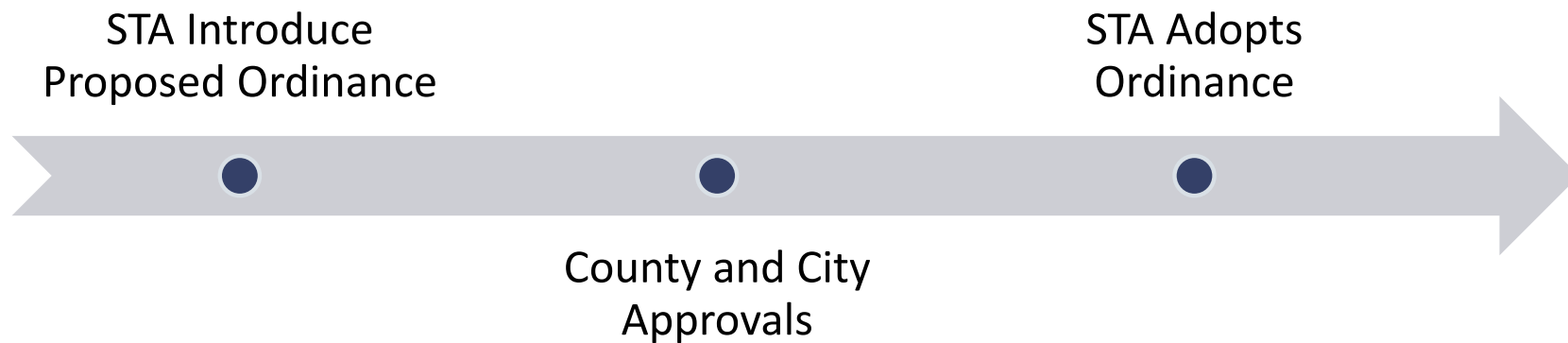
## Stakeholder/Public Challenges:

- Infill vs Greenfield
- Congestion Relief vs Climate Action
- Disadvantage Communities



# STA Ballot Process

- Ballot Process for Local Transportation Authority (Public Utilities Code [180000 - 180264] )



## County and Cities Approvals

- Approval by County board of supervisors
- Approval by majority of the cities (4 of 7)
- Approval by majority of the incorporated population (City of Sacramento)

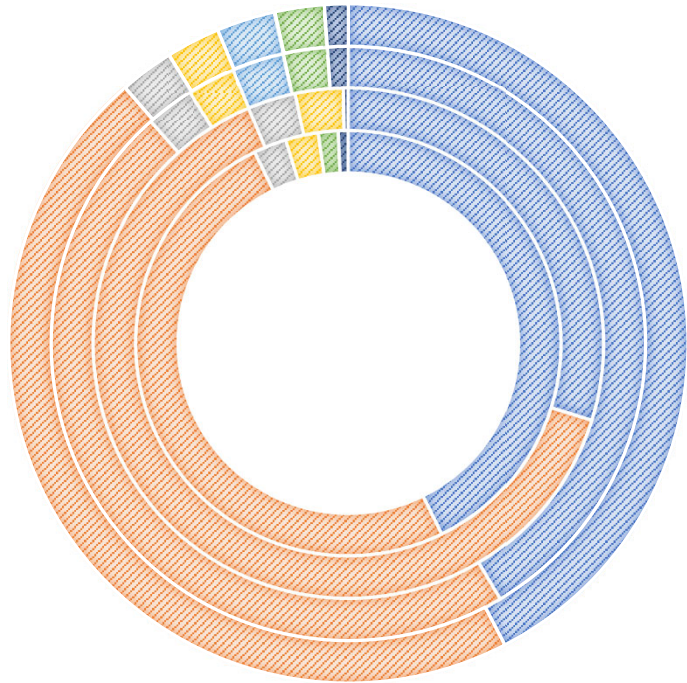


# Overview

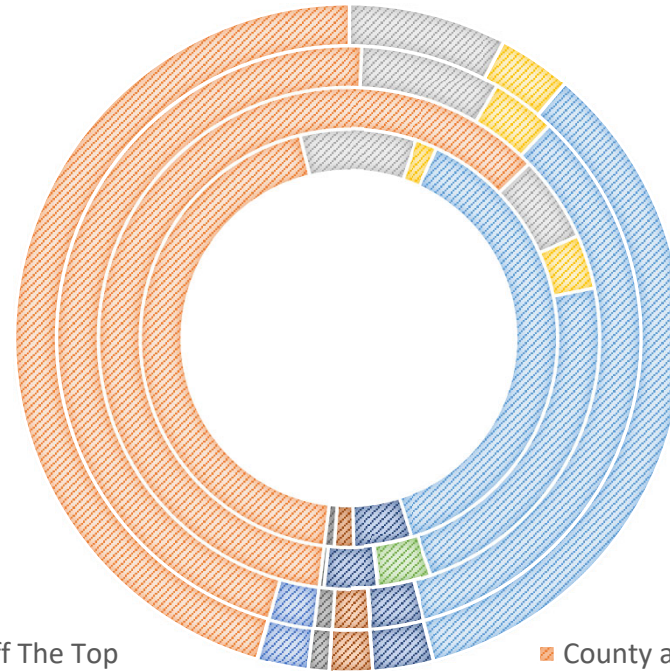
1. Approved Measures (1989, 2009)
2. Getting Measures on the ballot (2016, 2020)
3. **Compare the Measures (2009, 2016, 2020, 2022)**
4. Postmortem (2016, 2022)



# Comparison (2009, 2016, 2020, 2022)



- Transit
- Roads and Highways
- Bicycling
- Walking
- Off The Top
- SMAQMD



- Off The Top
- Caltrans
- SacRT
- Senior and Disabled Transit
- County and Cities
- Capital South East Connector
- City of Elk Grove Transit
- SMAQMD





# Measure Comparison

## Sales Tax Measures

- Measure A (2009), Passed (75%)
- Measure B (2016), Failed (65.7% Yes)
  - 30 Year
- Measure (2020), Polling (54% Yes) July 2020
  - 40 Year
- Measure A (2022), Failed (44% yes)
  - 40 Year



# Overview

1. Approved Measures (1989, 2009)
2. Getting Measures on the ballot (2016, 2020)
3. Compare the Measures (2009, 2016, 2020, 2022)
- 4. Postmortem (2016, 2022)**



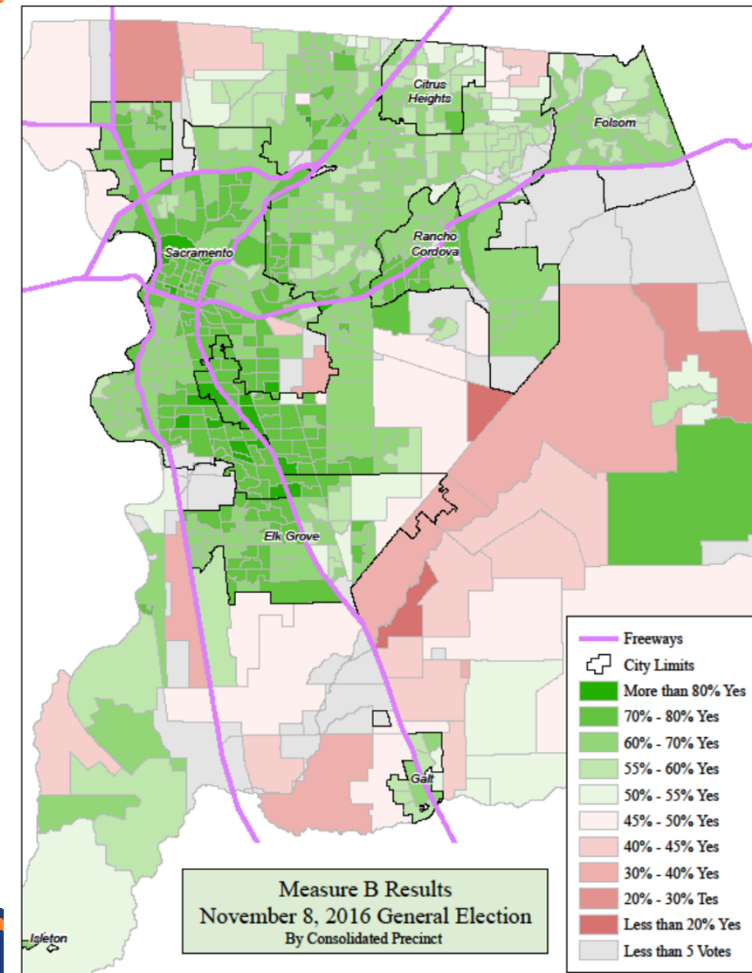
# 2016 Postmortem

## Measure B, 2016

- Only 65.71% Approval Rating

### Factors

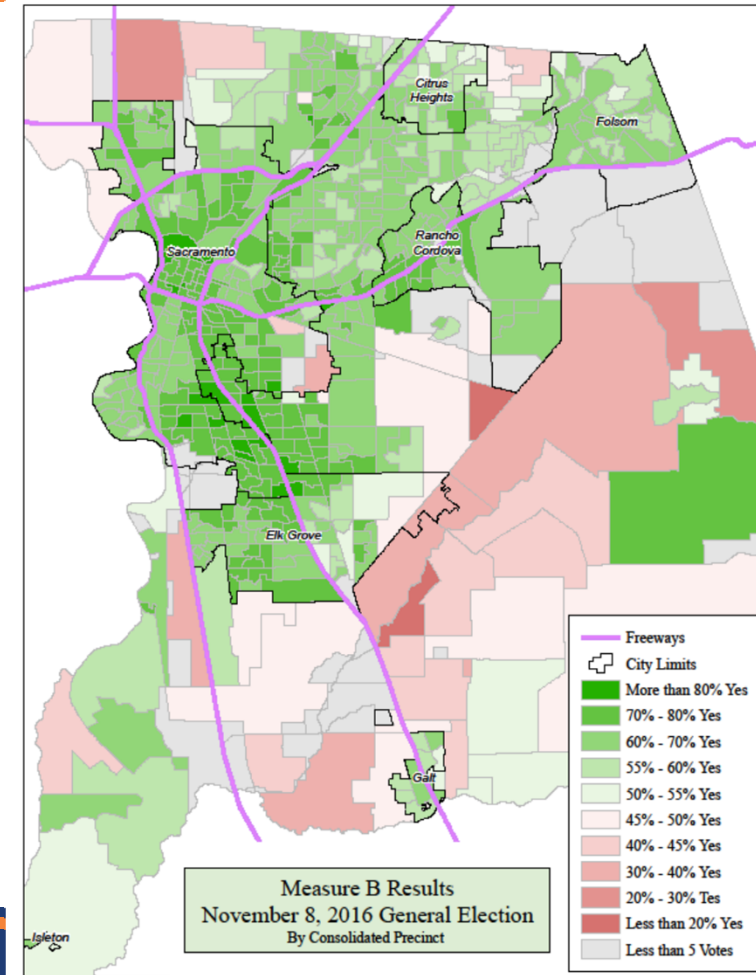
- 67% majority hurdle
- Late start to campaign
- Lack of understanding by public
- Voter repudiation of taxes
- Voter fatigue
- Nearly 52,000 under votes (~10% of voters)
- Measure B was by itself on the back of the ballot



# 2016 Postmortem

Jurisdiction	Yes	No	Over	Under	Total	% Yes
Sacramento	112,900	48,310	46	16,908	178,164	70.03%
Rancho Cordova	15,781	7,573	4	2,020	25,378	67.57%
Elk Grove	42,052	20,418	19	5,799	68,288	67.32%
Isleton	164	84	-	20	268	66.13%
<b>unincorporated</b>	<b>128,929</b>	<b>73,949</b>	<b>52</b>	<b>20,160</b>	<b>223,090</b>	<b>63.55%</b>
Folsom	18,798	12,202	9	2,977	33,986	60.64%
Citrus Heights	18,668	12,662	3	3,146	34,479	59.59%
Galt	4,792	3,345	1	763	8,901	58.89%

Supervisorial District	Yes	No	Over	Under	Total	% Yes
District 1	67,751	29,926	30	10,308	108,015	69.36%
District 2	62,672	24,242	24	9,094	96,032	72.11%
District 3	70,183	38,594	20	11,072	119,869	64.52%
District 4	65,400	44,977	29	10,710	121,116	59.25%
District 5	76,078	40,804	31	10,609	127,522	65.09%
<b>Totals</b>	<b>342,084</b>	<b>178,543</b>	<b>134</b>	<b>51,793</b>	<b>572,554</b>	<b>65.71%</b>



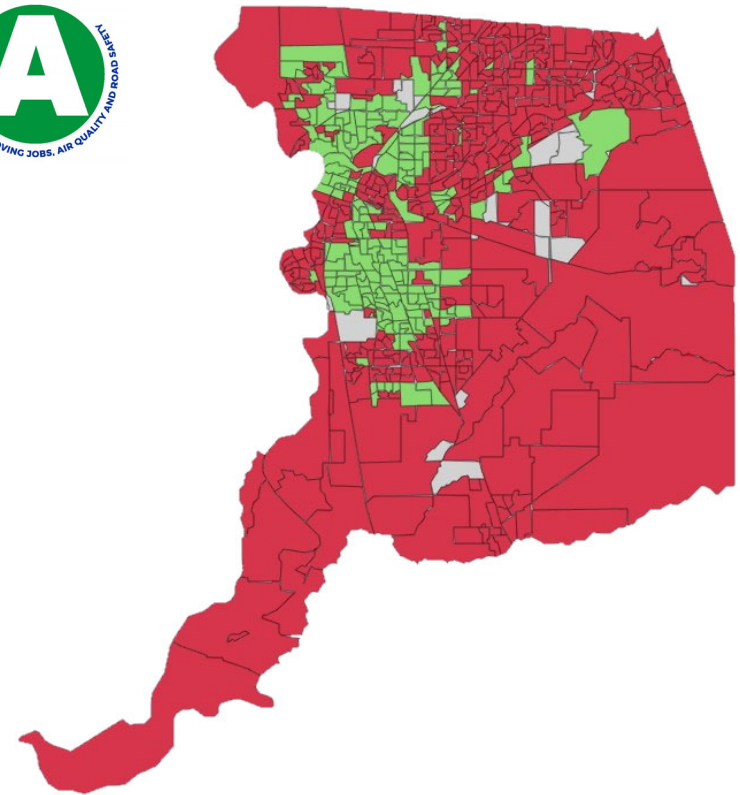
# 2022 Postmortem

## Citizens' Initiative, 2022

- Only 44% Approval Rating

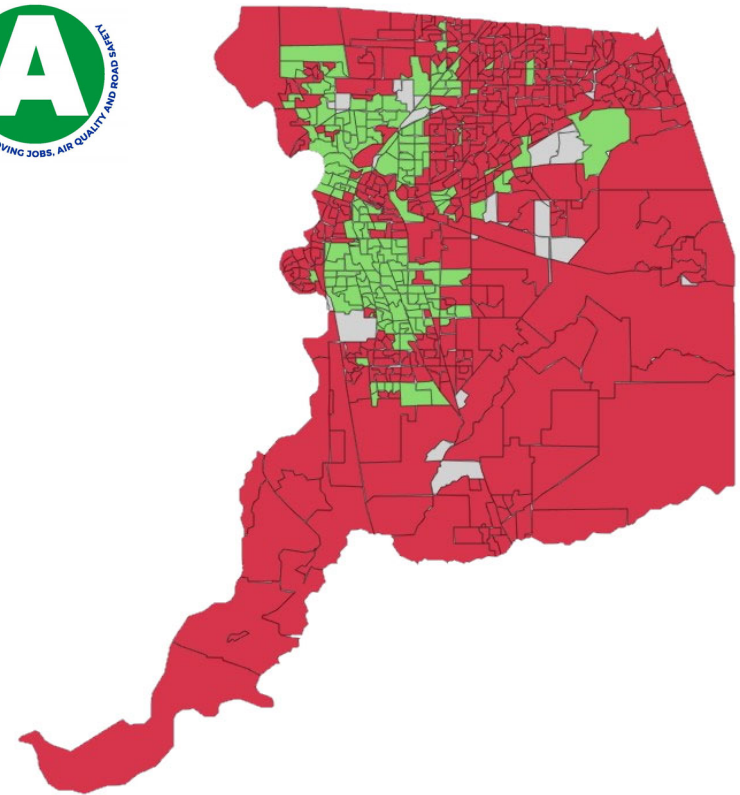
## Factors

- Lack of clear alignment with SACOG's MTP/SCS
- Potential climate impacts
- Concerns around equity and investment in underserved communities
- Opposition from a major newspaper, taxpayer groups, and environmental advocates
- High inflation
- Economic uncertainty
- Competing local sales tax measures



# 2022 Postmortem

Agency	% Approval
Sacramento	49.10%
Isleton	47.70%
Elk Grove	44.00%
Rancho Cordova	43.90%
Sacramento County	43.30%
Citrus Heights	40.00%
Folsom	36.80%
Galt	34.90%



# Future Transportation Funding:

*Advancing Local & Regional Goals, Leveraging State & Federal Funds*

Sacramento Area Council of Governments

May 22, 2023



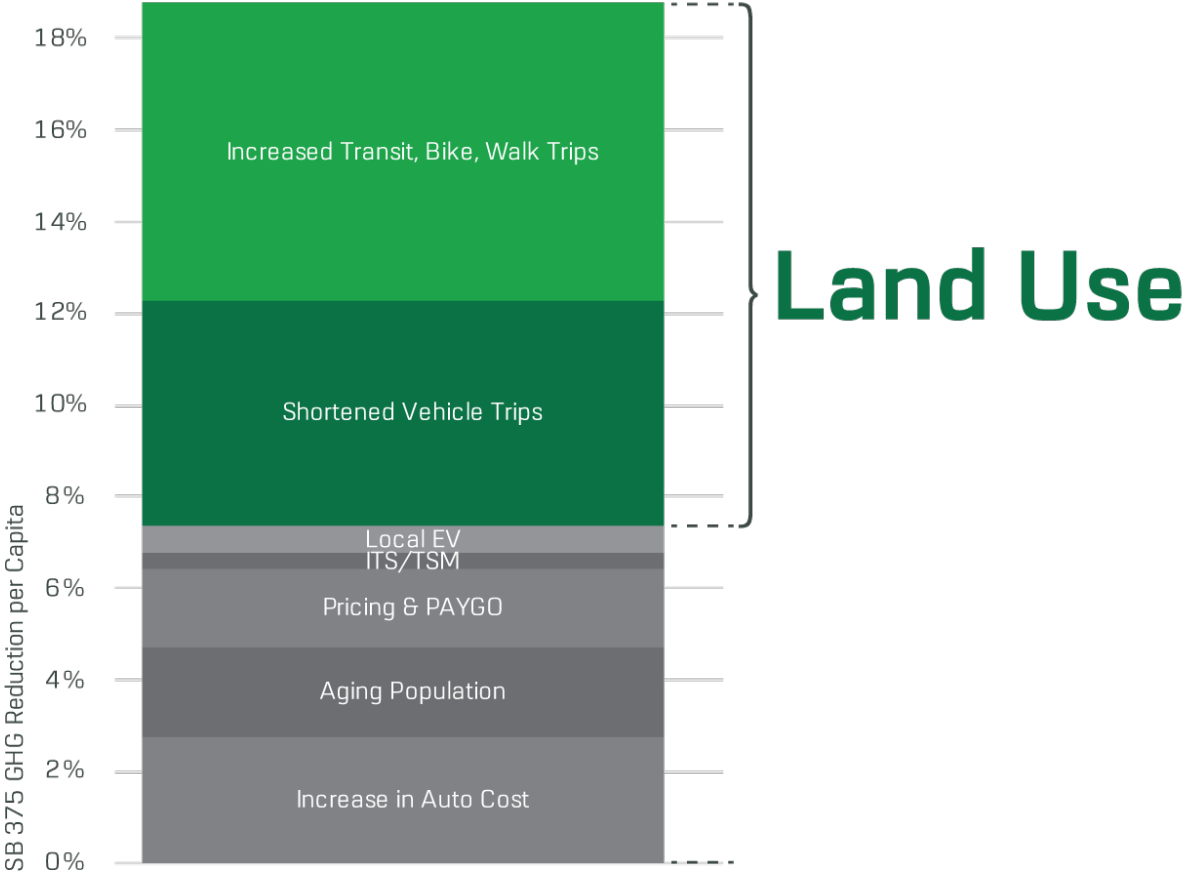
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# Overview

- County/STA funding is critical for six-county regional plan (Blueprint)
- County/STA funding is key to achieve region's GHG reduction goal
- Key investment priorities that will help county & region achieve goals



# Key Factors Contributing to 19% GHG Reduction

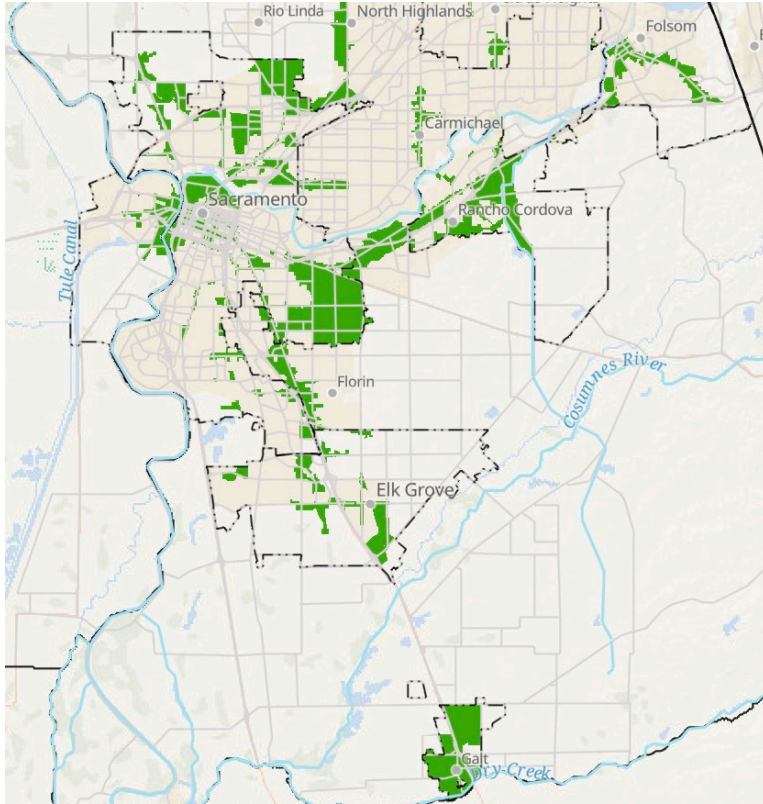


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# Key Priorities For Future Revenue

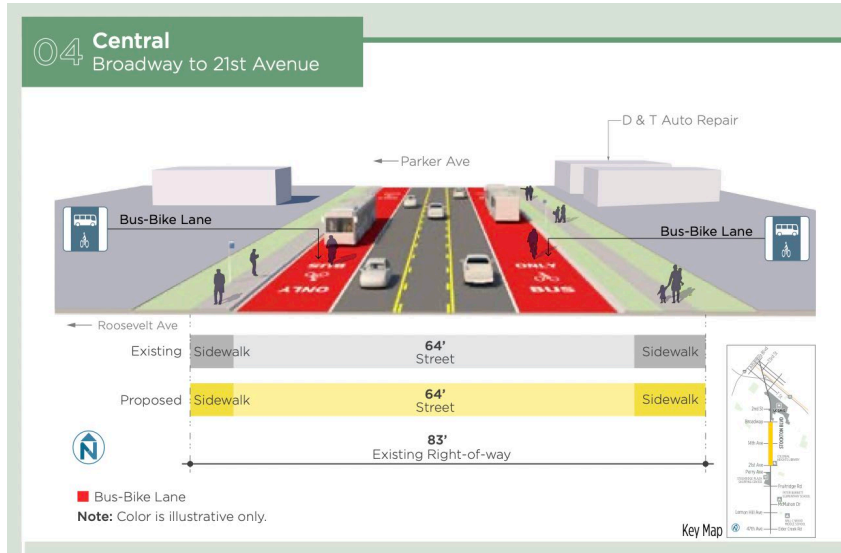
1. More infill housing along transit corridors (TOD, Green Means Go)
2. Faster and more frequent bus service w/ dedicated lanes
3. Safer streets and active transportation

# Opportunity: Green Zones for Infill



- Sac County jurisdictions have adopted 30+ specific 'Green Zones' countywide
- Sac County jurisdictions account for nearly 80% of future centers/TOD/corridor growth across entire six county region
- Green Zone investments could yield 60,000+ housing units and 80,000+ jobs

# Opportunity: Bus Rapid Transit (BRT)



- Dedicated bus lanes, signal prioritization provide faster transit times
- SacRT is planning BRT for Stockton, Florin, Watt, Sunrise, Arden
- Stockton Blvd (Route 51) Mobility Project would enhance busiest bus line on RT system



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# Moving Forward: Key Principles

- Engaging Stakeholders & Community Groups Early & Often
- Opportunity to *accelerate* GHG strategies in long range plan
  - *New funding should be consistent with projects in long range plan*
  - *New funding critical to achieve transportation-related GHG reduction target*
- Opportunity to advance equity-driven community planning
- Opportunity for local dollars to leverage state & federal funding
  - *Increasing number of state & federal grant programs have climate & equity focus*



1415 L Street,  
Suite 300  
Sacramento, CA  
95814

916.321.9000  
sacog.org

July 20, 2023

Kevin Bewsey  
Executive Director  
Sacramento Transportation Authority  
801 12<sup>th</sup> Street, 5<sup>th</sup> Floor  
Sacramento, CA 95814

RE: Analysis of infrastructure investments and the potential to reduce transportation-related greenhouse gas emissions in Sacramento County

Mr. Bewsey:

Per your request, attached you will find the final memorandum that summarizes our analysis of which types of transportation and infrastructure investments will have the most significant impacts on reducing transportation-related greenhouse gas emissions in Sacramento County. The analysis is based on detailed project scopes, the six-county region's long-range transportation and growth plan, and the transportation modeling and forecasting that underpins it.

As you know, there has been a tremendous amount of planning and project development over the past few years by local governments and public agencies throughout Sacramento County to plan for transportation and infrastructure projects that can reduce greenhouse gas emissions. Much of that local planning is reflected in the attached analysis.

We truly appreciate your engagement and leadership on these issues and look forward to our continuing partnership.

Sincerely,

James Corless  
Executive Director

cc: Supervisor Rich Desmond, Chair, Sacramento Transportation Authority  
Supervisor Patrick Kennedy, Chair, Sacramento Area Council of Governments

- Auburn*
- Citrus Heights*
- Colfax*
- Davis*
- El Dorado County*
- Elk Grove*
- Folsom*
- Galt*
- Isleton*
- Lincoln*
- Live Oak*
- Loomis*
- Marysville*
- Placer County*
- Placerville*
- Rancho Cordova*
- Rocklin*
- Roseville*
- Sacramento*
- Sacramento County*
- Sutter County*
- West Sacramento*
- Wheatland*
- Winters*
- Woodland*
- Yolo County*
- Yuba City*
- Yuba County*

# Infrastructure Investments to Reduce Transportation-Related Greenhouse Gas Emissions in Sacramento County

## Summary

As decisionmakers in Sacramento County explore funding mechanisms to raise new revenue for transportation projects – in particular, a new transportation funding measure that may be developed by the Sacramento Transportation Authority and appear before voters in 2024 – there has been a significant amount of interest in how transportation investments can both improve mobility and reduce transportation-related greenhouse gas emissions (GHGs). This interest is in part due to California state law (SB375) requiring metropolitan regions across the state to demonstrate that long-range plans are reducing GHGs from passenger vehicle travel (i.e., reducing vehicle miles traveled), and also because jurisdictions across Sacramento County have made significant local commitments to GHG-reducing transportation investments and to remain competitive for state and federal funding as most state and federal transportation grant programs are increasingly prioritizing transportation projects that can demonstrate reductions in GHG emissions.

This memorandum has been developed by the Sacramento Area Council of Governments (SACOG) based on a request from the Sacramento Transportation Authority in order to provide an overview of high priority transportation and infrastructure investments that will make a meaningful difference in reducing passenger vehicle generated GHGs and helping the region achieve its state-mandated GHG reduction target. The analysis provided herein is based on detailed project scopes, the six-county region's long-range transportation and growth plan (the Metropolitan Transportation Plan/Sustainable Communities Strategy or MTP/SCS) and the transportation modeling and forecasting that underpins it. The recommendations and findings in this memo can be summarized as follows:

- (1) The strategy in Sacramento County that will have the largest impact on reducing GHGs from transportation is primarily a housing and economic development strategy – investing in all the various types of infrastructure (including water, sewer and utility upgrades) that will 'unlock' housing in areas where residents don't need to drive as much for their daily needs;
- (2) Not all investments in public transportation will have equivalent GHG reduction benefits, particularly when compared to the cost of specific projects. For example, the lower capital cost of bus rapid transit (BRT) means it can be a more cost-effective alternative to light rail expansion that could attract more riders over a more comprehensive network of corridors;
- (3) Investments in safe walking and bicycling infrastructure are typically undervalued but can have significant and positive impacts on reducing GHG emissions as well as advancing equity and having a dramatic safety benefit. Several major planning efforts over the past few years provide an excellent foundation for prioritizing investments in active transportation projects countywide;
- (4) While funding for new and more innovative mobility strategies and transportation demand management (TDM) programs may not have as significant an impact on GHG reduction in the short term, there is a lot of potential to bring many of these programs to scale across Sacramento County which could eventually add up to a meaningful impact on lowering transportation-related pollution and emissions.



Providing significant funding for these types of programmatic investments will position the county well to leverage and be competitive for state and federal transportation grants, most of which are now focused on reducing GHG emissions.

While this analysis highlights investments that can have positive and meaningful impacts on reducing GHG emissions, it is important to note there are many investments that may have less of an impact on reducing GHGs but nonetheless could have significant equity benefits for low-income communities, communities of color, seniors and people with disabilities across the entire county. It should also be noted that most, if not all, of the kinds of programmatic investments described in this memo should be further shaped through meaningful community engagement, particularly in communities that have historically been marginalized.

## Priority infrastructure investment strategies

### (1) Infrastructure funding to support infill housing and transit-oriented development

By far the most impactful transportation-related greenhouse gas reduction strategy across Sacramento County is to invest in infrastructure upgrades—such as water, sewer and utility upgrades—in order to unlock new housing opportunities around transit assets such as light rail stations, along commercial corridors and on vacant and underutilized parcels in areas where residents won't need to drive as much or as far. Since 2018, SACOG has collaborated with local jurisdictions in Sacramento County to develop an ambitious program called 'Green Means Go' that is focused on linking infrastructure funding to areas that local jurisdictions have approved for more infill housing.

There are more than 40 infill areas – known as 'Green Zones' – that have been designated by every local jurisdiction in Sacramento County. If significant infrastructure funding was available to invest in these areas, it could facilitate more than 60,000 housing units in areas where residents drive far less than the regional average. The Sacramento region was successful in securing roughly \$34 million in state funding for Green Means Go, and the SACOG board recently awarded these funds to infill projects across the greater six county Sacramento region in the spring of 2023. While estimates are still being developed for some Green Zones, the cost of infrastructure upgrades within Sacramento County are likely to exceed \$500 million. While these kinds of infrastructure expenditures don't often appear in traditional transportation ballot measures, there are several approaches worth exploring to ensure these expenditures are included in a future funding measure given the importance of the investments to both achieving GHG reduction goals and developing more housing opportunities where residents have the choice to drive less and ride transit more.

Table 1: Locally-Adopted Green Zones in Sacramento County

Jurisdiction	Highlighted Green Zones/ Needs Assessments from Local Jurisdictions
Citrus Heights	<p><b>Sunrise Tomorrow Specific Plan Area/former Sunrise Mall:</b> redevelopment area needs \$36 million in backbone infrastructure investment to unlock hundreds of new housing units and 1.3m sq ft of commercial and community space.</p>
Folsom	<p><b>East Bidwell Corridor:</b> Target of ULI study and Folsom's upcoming Central Business District Master Plan aiming to revitalize 200 acres of underutilized land in Folsom's core. Transportation/circulation constraints but also to include backbone utilities (Specific cost estimates to be identified by city in current study).</p> <p><b>Gold Line TOD:</b> SacRT is double tracking the Gold Line light rail corridor, allowing 15 minute headways. This opens up the opportunity for transit-oriented development (TOD) around the station areas of Historic Folsom, Glenn and Iron Point. Each station needs corresponding infrastructure investments.</p>
Galt	<p><b>Old Town Galt:</b> Sewer/water line replacements needed to spur infill residential development per the city's 2021 strategic plan.</p> <p><b>Galt Market:</b> The 45-acre Galt Market is being analyzed for reinvestment with new housing and community spaces, will likely need infrastructure investment.</p>
Elk Grove	<p><b>Old Town Elk Grove:</b> Part of the Old Town Special Planning Area, the corridor is in need of railroad pedestrian crossings to tie into the Old Town Plaza and a series of pedestrian and street improvements from School Street to Waterman where future multifamily housing is planned.</p> <p><b>Elk Grove Passenger Rail Station:</b> The future rail station for the proposed expanded Amtrak San Joaquins and ACE passenger rail services to the greater Sacramento region along the Union Pacific Railroad Sacramento Subdivision.</p>
Isleton	<p><b>Main Street Green Zone:</b> This identified Green Zones ties into several efforts underway including the Main Street Redesign and Revitalization to bring more housing to Isleton's historic core.</p>
Rancho Cordova	<p><b>Folsom Boulevard revitalization:</b> The city's housing element has 800 low and moderate units planned for the corridor, but current infrastructure is not sufficient to support new development. The Mills Crossing development is potentially a catalytic site that can demonstrate a significant statewide model for suburban transit-oriented development (TOD).</p>
Sacramento City	<p><b>Railyards, River District, Central City:</b> Several specific plans together have identified \$300 million in water and sewer infrastructure needs that will unlock thousands of housing units.</p> <p><b>Del Paso and Old North Sacramento:</b> Del Paso Blvd area requires at least \$8 million for sewer upgrades. Infrastructure investment would spur more TOD on SacRT's Blue Line north of downtown Sacramento.</p>
Sacramento County	<p><b>North Watt Avenue:</b> At least \$10 million is needed in sewer capacity infrastructure investments, plus safe closures of wells and septic systems and drainage improvements around several creek basin, to unlock 10,000+ planned housing units.</p> <p><b>Rosemont/La Riviera:</b> Opportunity to revitalize several Gold Line station areas on Folsom Blvd (cost estimates forthcoming)</p> <p><b>Stockton Blvd (partnership with the City of Sacramento):</b> Key corridor extending from the City of Sacramento through Sacramento County, current infrastructure upgrades needed to support the 1,500+ housing units planned on southern end of the corridor. The San Juan Apartments project is an example of upgrades needed throughout the corridor including upgrades to water supply, undergrounding power lines, and investments in sewer and stormwater improvements.</p>

In addition to infill housing, there is also a critical need for more affordable housing countywide. While SACOG has not developed either cost estimates or GHG reduction estimates related to the development of affordable housing, there is a need to build more than 40,000 homes for low and very-low income residents throughout Sacramento County based on the region's adopted Regional Housing Needs Assessment. Financial support for affordable housing is a critical strategy to ensure that Sacramento County residents can continue to afford to live in the county and can benefit from living close to jobs, schools and other essential services.

*Table 2: Support for Infill Housing and Affordable Housing Countywide*

Item	Capital Cost	Operating Cost
Green Means Go (GMG) – water/sewer/utility investments countywide	\$500M+	n/a
Transit-Oriented Development (TOD)	Included above in Green Means Go	n/a
Affordable Housing	TBD	TBD

## (2) Investing Strategically in Public Transit

Having a reliable, safe and dependable public transit system in Sacramento County is critical for improving mobility for all residents, saving people money and achieving our greenhouse gas reduction targets. A future transportation funding measure is a key source of flexible funding for Sacramento Regional Transit (SacRT) as it's one of the few revenue sources that will allow the agency to fund operations and thus increase service frequency and reliability. Even with a robust new source of revenue for public transit, however, there likely won't be enough funding to replace aging fleets, upgrade transit infrastructure, increase service frequency and reliability on existing routes and expand new services – particularly the construction of new light rail lines.

While investments in public transit generally help keep cars off the road, not all investments will have the same impact on reducing greenhouse gas emissions. For example, the current long range transportation plan (MTP/SCS) for the region does not anticipate extending light rail to Sacramento International Airport. Yet the transit investments that are called for in the MTP/SCS do increase service levels of existing transit lines (both rail and bus) significantly, and those service levels (along with increased housing and development along transit corridors as envisioned in the first strategy above) in turn help increase future ridership and make a major contribution to the region achieving its greenhouse gas reduction goals. For new light rail extensions to be impactful in terms of replacing car trips and thus reducing greenhouse gas emissions, they must be evaluated for the potential for housing and employment density along the future corridor, the speed and frequency of the eventual service, and the capital cost of construction compared to the capital cost for other transit service improvements such as dedicated Bus Rapid Transit (BRT) services. A cost-effective approach to future light rail expansion could be to build a dedicated bus corridor (with exclusive right-of-way) to establish near term ridership and transition the corridor to light rail in the future if the near-term ridership can justify the additional capital cost.

For the purposes of this analysis, the highest priority transit investments across Sacramento County from a GHG reduction perspective would include the following in priority order:

*Bus rapid transit countywide:* the MTP/SCS includes multiple bus rapid transit corridors that have been identified by SacRT as strong candidates for bus rapid transit (see Table 3 below), corridor upgrades that include dedicated bus lanes, traffic signal preemption and other investments that speed up bus travel times and improve service reliability. This approach to speeding up bus service in key corridors provides multiple benefits to residents across Sacramento County with more reliable and faster trips allowing people to reduce their travel times, experience a quicker and more reliable transit trip without as many delays from traffic and congested intersections, and attracting more ridership overall to the transit network.

*Table 3: Proposed Bus Rapid Transit Corridors in Sacramento County*

BRT Corridor identified by SacRT	Notes
Stockton/Broadway BRT	Planning work underway as a partnership among SacRT, the City of Sacramento, the County of Sacramento and STA. Project is assumed in current MTP/SCS. Stockton Blvd Mobility Project recently secured funding from SACOG.
Florin/65th St BRT	Florin portion assumed in current MTP/SCS
Watt/Fulton BRT	Watt Avenue portion assumed in current MTP/SCS
Sunrise BRT	Assumed in current MTP/SCS, requires funding
Arden BRT	Assumed in current MTP/SCS, requires funding
Truxel/North Natomas BRT	Possible first phase for a future green line light rail extension to north Natomas
Elk Grove BRT	Possible first phase for a future blue line light rail extension

*Expanding service & frequency on existing transit lines:* the region's long range transportation plan (MTP/SCS) calls for significant transit service increases in the future, growing service across the SacRT system by roughly 60 percent in terms of hours of service per person, including over 90 percent on existing bus corridors. Frequency and service improvements are also planned for the light rail Gold Line to Folsom which could significantly increase ridership and attract new development around stations along the corridor. Frequency improvements can provide greater mobility to transit-dependent and car-less households, make public transit a more viable option for more people, and allow more people to rely on transit when they have more complicated travel patterns or often travel off-peak hours.

*Light rail fleet replacement and station renewal:* While SacRT has secured some crucial funding for low floor station conversions and vehicle replacements for the 50+ stations and nearly 100 vehicles in SacRT's existing system, the majority of light rail vehicles are now over 25 years old and in need of replacement. The low floor conversion has efficiency and attractiveness benefits to all transit riders, and is particularly important for those with mobility challenges. Focusing on modernizing the existing system could result in a significant increase in ridership.

*Regional (Intercounty) Transit Network/ express bus services:* SACOG has been working with SacRT and transit agencies throughout the greater Sacramento region to identify key corridors as part of a new Regional Transit Network based off both current and future demand for trips that often occur between counties. These services would benefit Sacramento County residents because they would provide critical connections to jobs across county lines, increase the ability of people to access services such as regional health

care centers in neighboring counties, and reduce the cost of transportation for low-income residents. A future Sacramento County transportation revenue measure could fund the portion of these intercounty services that would have a benefit for Sacramento County residents.

*Table 4: High-Impact Public Transit Investments Countywide<sup>1</sup>*

Item	Capital Cost	Annual Operating Cost
Bus Rapid Transit – multiple corridors countywide	\$1.35B	\$42M
Service/Frequency Expansion on Existing Lines	\$584M	\$54M
Light Rail Fleet & Station Renewal	\$458M	--
Regional Transit Network (Sacramento County portion)	TBD	TBD

### (3) Safe Streets and Active Transportation (Bicycle & Pedestrian) Investments

Investments in safer streets for all transportation modes, and specifically dedicated infrastructure for pedestrians, wheelchair users, and bicyclists, particularly in lower-income neighborhoods and communities of color, is critical to sustaining and growing a significant share of trips taken by active transportation both countywide and across the greater Sacramento region. These types of infrastructure improvements are critical because while there is strong demand for safer streets, jurisdictions in the Sacramento region have some of the highest fatality rates among more vulnerable users of the street network, with recent data showing significant disparities by race and ethnicity particularly among Black populations.<sup>2</sup> Given how widely understood this problem is, there has been a lot of planning by local government agencies for investments in safer streets and active transportation, including 'vision zero' planning by the City of Sacramento, a countywide ADA transition plan, an active transportation plan for unincorporated Sacramento County, and a recently completed regional trails plan for the greater six county Sacramento region including Sacramento County. More detailed highlights of these investments include:

*Regional Trails Plan:* The recently completed regional trails plan envisions 249 miles of new paved trails in every jurisdiction across Sacramento County that when built will mean that an additional 250,000 county residents would live within a half mile of the trail network. The regional trail network – developed over a three-year planning process with the input of every jurisdiction in Sacramento County along with several special districts<sup>3</sup> – identifies 190 miles of planned trails and 59 miles of study corridors to bolster the existing 139 miles of trail within the county and could have a significant influence on shifting trips towards active transportation and thus reducing GHG emissions. A countywide network of paved off-street bicycling and walking paths would have significant benefit to Sacramento County residents because it would provide a safe and inviting alternative to driving. Similar regional trails

<sup>1</sup> Cost estimates based on 2020 MTP/SCS and updated with analysis from Sacramento Regional Transit staff

<sup>2</sup> Yoon-Hendricks, Alexandra and Phillip Reese, "Dangerous by Design: How Sacramento's Un-Walkable Roads Imperil and Kill Black Residents," Sacramento Bee, August 29, 2021, 4A.

<sup>3</sup> SACOG engaged with ten special districts over the course of developing the Regional Trail Network, based on each district's interest and capacity: Cordova Recreation and Park District, Fair Oaks Recreation and Park District, Cosumnes Community Services District, Southgate Recreation & Park District, Arcade Creek Recreation and Park District, Arden Manor Recreation and Park District, Fulton-El Camino Recreation and Park District, North Highlands Recreation and Park District, Orangevale Recreation and Park District, and Rio Linda-Elverta Recreation and Park District.

networks in midsize metropolitan regions across the U.S. have succeeded in transforming the way people travel and have proven to be significant drivers of economic development.

*On Street Active Transportation & ADA Investments Countywide:* The need to repair streets and roads across the county is well known and widely documented. Most of these investments will include complete streets features with upgraded and ADA-compliant sidewalks, bike lanes, signals and crosswalks. These investments have significant benefit to Sacramento County residents because they provide safety for pedestrians, bicyclists and wheelchair users, which in turn encourages more people to use 'active modes' of transportation. A recently completed Active Transportation Plan for unincorporated Sacramento County identifies \$248M for sidewalk infrastructure and \$1.3B for bicycle infrastructure. The county's ADA transition plan surveyed all road and street infrastructure for key upgrades to ensure accessibility for people with disabilities, and the City of Sacramento's Vision Zero program commits to eliminating traffic fatalities and serious injuries by 2027 through a series of safety investments and interventions.

*Table 5: Safe Streets and Active Transportation Investments Countywide*

Item	Capital Cost	Annual Operating Cost
Regional Trails Plan – Countywide Implementation (includes American River Parkway)	\$400M+	\$4.9M
Road Rehab Countywide w/ Complete Streets & ADA upgrades (all jurisdictions)	\$4B+	n/a
Active Transportation Plan – Unincorporated Sacramento County	(included in 2 <sup>nd</sup> item above)	n/a
City of Sacramento – Vision Zero Implementation	(included in 2 <sup>nd</sup> item above)	n/a

#### (4) Transportation Demand Management and Innovative Mobility

While traditional infrastructure investments were defined in terms of roads and public transit, there is a growing new suite of innovative approaches to make existing roads and transit more efficient for users, reduce the demand for driving alone, and provide pollution-free forms of mobility such as carsharing, bikesharing, carpooling, vanpooling, microtransit and additional transportation demand management (TDM) and Intelligent Transportation System (ITS) strategies. These strategies have significant benefit to Sacramento County residents because they reduce the need for auto ownership and provide more flexible and affordable transportation options that can provide a more reliable connection to jobs and services for people living in more suburban areas where frequent bus service isn't as readily available.

While these innovative programs are already available in some communities in Sacramento County, they are just beginning to take hold and shape travel behavior. As such, the region and Sacramento County have not started to see the wider scale benefits – both in terms of efficiency as well as GHG reductions – that could come with more widespread deployment of these programs. That said, future revenue from a countywide tax measure could be a critical source of flexible funding to bring many of these initiatives to scale. There's an increasing interest in bikeshare systems among numerous jurisdictions across Sacramento

County but the current experience with bikeshare in the City of Sacramento points to the need for ongoing subsidies, even in public-private operating models. Other innovative programs – such as electric carshare programs and the concept of 'mobility hubs' that offer a broad variety of innovative mobility options in one location such as a transit station – are being piloted by agencies like the Sacramento Metropolitan Air Quality Management District (SMAQMD) and the Sacramento Municipal Utility District (SMUD) and could be expanded countywide with a flexible source of operating funding provided by a future transportation funding measure.

Many of these initiatives are also captured in the recently released *Zero Emission Vehicle Deployment Strategy*, a coordinated investment plan developed by SMUD, SMAQMD, SacRT and SACOG to position the region to be competitive for state and federal grants for innovative mobility programs and zero emission vehicle infrastructure. A stable source of local flexible funding in a future countywide transportation measure would make the county far more competitive for these grants that could help build a greener and more sustainable suite of transportation and mobility programs countywide.

*Table 6: Investments in TDM and Innovative Mobility*

Item	Capital Cost	Annual Operating Cost
Mobility Hubs countywide (50+)	\$182M <sup>4</sup>	TBD
Countywide TDM programs	--	\$2M
Bikeshare – multiple jurisdictions	\$50M+	TBD – study ongoing
EV Carshare – multiple jurisdictions	TBD	\$5M
Countywide ITS	\$95M	--
Zero Emission Bus Transit Fleet	\$522M <sup>5</sup>	--

## Conclusion

We appreciate our partnership with the Sacramento Transportation Authority and the ongoing dialogue focused on how a future transportation revenue measure can support both local and regional commitments to infrastructure investments that will reduce greenhouse gas emissions while ensuring that projects are both equitable and economically beneficial. The program areas and investment categories outlined in this document are critical to for the future of the county and region, achieving our state-mandated greenhouse gas reduction target, and implementing local plans and priorities in every jurisdiction. SACOG stands ready to assist STA, local decisionmakers and our public agency and community partners across Sacramento County in the task of incorporating these important strategies into any future revenue measure.=

<sup>4</sup> Per the Sacramento Region ZEV Deployment Strategy developed by SMUD, Sacramento RT, SMAQMD & SACOG

<sup>5</sup> Per the Sacramento Region ZEV Deployment Strategy developed by SMUD, Sacramento RT, SMAQMD & SACOG

**SACRAMENTO TRANSPORTATION AUTHORITY  
MEETING DATE:**

**THURSDAY, AUGUST 10, 2023**

**NO MATERIAL**

**Comments Of Authority Members**