

NEW ISSUE – BOOK ENTRY ONLY**RATINGS:**

S&P: “SP-1+”

Fitch: “AA/F1+”

(See “RATINGS” herein)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the 2021 Short-Term Notes and requirements of the Internal Revenue Code of 1986, as described herein, interest on the 2021 Short-Term Notes is not included in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, interest on the 2021 Short-Term Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the 2021 Short-Term Notes is exempt from personal income taxes of the State of California. See “TAX MATTERS.”

\$537,480,000

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE
SHORT-TERM NOTES (LIMITED TAX BONDS), 2021 SERIES A**

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>
\$100,000,000	3.00%	0.20%	797400MP0
\$437,480,000	5.00%	0.20%	797400MN5

Dated: Date of Delivery**Due on October 1, 2022**

The San Diego County Regional Transportation Commission (the “Commission”) will issue its \$537,480,000 Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “2021 Short-Term Notes”) pursuant to the Subordinate Indenture, dated as of April 1, 2018, as supplemented and amended, including by the Second Supplement to the Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Trustee”).

The 2021 Short-Term Notes are limited obligations of the Commission secured by a subordinate pledge of sales tax revenues (herein called the “Sales Tax Revenues”) derived from a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”) imposed in the County of San Diego (the “County”) for transportation and related purposes. Collection of the Sales Tax commenced on April 1, 1988. The Sales Tax is scheduled to expire on March 31, 2048. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES” herein.

The Commission does not expect to collect and retain Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the TIFIA Loan Agreement (as defined herein). See “JUNIOR SUBORDINATE TIFIA LOAN,” “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing” and “RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes” herein.

The Commission will apply the proceeds of the 2021 Short-Term Notes to: (i) refund and defease the Commission’s outstanding Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A (the “2018 Short-Term Notes”), (ii) finance a portion of interest on the 2021 Short-Term Notes, and (iii) pay the costs of issuing the 2021 Short-Term Notes. See “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The 2021 Short-Term Notes will be dated their date of delivery, and will mature on October 1, 2022. The Commission will pay interest on the 2021 Short-Term Notes on April 1 and October 1 of each year, commencing on October 1, 2021. Investors may purchase the 2021 Short-Term Notes in book-entry form only. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

The 2021 Short-Term Notes are not subject to redemption by the Commission prior to maturity.

THE 2021 SHORT-TERM NOTES DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE COUNTY, THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COMMISSION TO THE EXTENT OF THE PLEDGE OF REVENUES DESCRIBED HEREIN, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE SUBORDINATE INDENTURE) OF THE COMMISSION IS NOT PLEDGED FOR THE PAYMENT OF THE 2021 SHORT-TERM NOTES. THE 2021 SHORT-TERM NOTES ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE SUBORDINATE INDENTURE.

This cover page contains general information only. Capitalized terms used on this cover are defined herein. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2021 Short-Term Notes are offered when, as and if issued by the Commission and received by the Underwriters, subject to the approval of validity by Norton Rose Fulbright US LLP, Bond Counsel to the Commission, and certain other conditions. Certain legal matters will be passed on for the Commission by its General Counsel and by Norton Rose Fulbright US LLP, Disclosure Counsel to the Commission, and for the Underwriters by their counsel, Nixon Peabody LLP. PFM

Financial Advisors LLC has served as Municipal Advisor to the Commission. It is expected that the 2021 Short-Term Notes will be available for delivery through the book-entry facilities of The Depository Trust Company on or about March 23, 2021.

Citigroup

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Goldman Sachs & Co. LLC

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Academy Securities

Dated: March 23, 2021

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 2021 Short-Term Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the San Diego County Regional Transportation Commission (the “Commission”) and other sources that are believed by the Commission 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 Commission or the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the 2021 Short-Term Notes.

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 Commission or other matters described herein since the date hereof. This Official Statement is submitted with respect to the sale of the 2021 Short-Term Notes 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 Commission.

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-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” or APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE” or, if not defined in Appendices C-1 or C-2, in the Senior Indenture or Subordinate Indenture, respectively.

In connection with the offering of the 2021 Short-Term Notes, the Underwriters may overallocate or effect transactions which stabilize or maintain the market prices of such 2021 Short-Term Notes at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2021 Short-Term Notes to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database. None of the Underwriters, the Municipal Advisor or the Commission is responsible for the selection or correctness of the CUSIP numbers set forth herein.

**CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Commission in any way, regardless of the level of optimism communicated in the information. The Commission is not obligated to issue nor does it plan to issue any updates or revisions to the forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based occur.

[INSERT TRANSNET MAP]

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OFFICIAL STATEMENT

\$537,480,000

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION SUBORDINATE SALES TAX REVENUE SHORT-TERM NOTES (LIMITED TAX BONDS), 2021 SERIES A

INTRODUCTION

General

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the San Diego County Regional Transportation Commission (the “Commission”) of its Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2021 Series A (the “2021 Short-Term Notes”) in the aggregate principal amount of \$537,480,000. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE” or APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE” or, if not defined in Appendices C-1 or C-2, in the Senior Indenture or Subordinate Indenture, respectively.

Authority for Issuance

Pursuant to the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Sections 132000 and following) of the Public Utilities Code of the State of California, (the “Act”), the Commission is authorized to issue indebtedness payable in whole or in part from Sales Tax Revenues (defined below). The 2021 Short-Term Notes will be issued pursuant to Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as referenced in the Act and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and secured by a second lien pledge of Sales Tax Revenues (as defined herein) pursuant to the Subordinate Indenture, dated as of April 1, 2018, as supplemented and amended by the First Supplement to the Subordinate Indenture, dated as of April 1, 2018, and the Second Supplement to the Subordinate Indenture, dated as of March 1, 2021 (collectively, the “Subordinate Indenture”), between the Commission and U.S. Bank National Association, as trustee (the “Trustee”).

The Commission is a separate legal entity from the City of San Diego, California (the “City”) and the County of San Diego, California (the “County”). See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

Application of 2021 Short-Term Note Proceeds

The Commission will apply the proceeds of the 2021 Short-Term Notes to: (i) refund and defease the Commission’s outstanding Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A (the “2018 Short-Term Notes”) (ii) finance a portion of interest on the 2021 Short-Term Notes, and (iii) pay the costs of issuing the 2021 Short-Term Notes. See “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Repayment and Security for the 2021 Short-Term Notes

The 2021 Short-Term Notes are limited obligations of the Commission secured by a subordinate pledge of sales tax revenues (herein called the “Sales Tax Revenues”) derived from a one-half of one percent (0.5%) retail transactions and use tax (the “Sales Tax”), imposed in accordance with the Act and the California Transactions and Use Tax Law (Revenue and Taxation Code Section 7251 and following), net of an administrative fee paid to the California Department of Tax and Fee Administration (the “CDTFA”) in connection with the collection and disbursement of the Sales Tax. The Taxpayer Transparency and Fairness Act of 2017 restructured the California State Board of Equalization (the “BOE”) into three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The CDTFA handles most of the taxes and fees previously collected by the BOE, including, as of July 1, 2017, the Sales Tax.

The Commission does not expect to collect and retain Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the TIFIA Loan Agreement, dated as of January 14, 2021, between the Commission and the U.S. Department of Transportation, acting by and through the Build America Bureau. See “JUNIOR SUBORDINATE TIFIA LOAN” and “RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes” herein.

The amounts borrowed under the TIFIA Loan Agreement are expected to be fully drawn in a single disbursement no later than October 1, 2022, and such amounts are expected to be applied to pay the 2021 Short-Term Notes on or prior to their maturity date. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES” and “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds under the Indenture, dated as of March 1, 2008, between the Commission and U.S. Bank National Association, as trustee (the “Senior Trustee”), as supplemented (the “Senior Indenture”), or Notes or other Parity Debt under the Subordinate Indenture or to otherwise obtain financing to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing.”

On November 3, 1987, a majority of County voters approved the San Diego County Transportation Improvement Program Ordinance and Expenditure Plan (as amended, the “1987 Ordinance”) which imposed the Sales Tax in the County for a 20-year period. Under the 1987 Ordinance, the Sales Tax was scheduled to expire on April 1, 2008. On November 2, 2004, more than two-thirds of County voters approved the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance” and, together with the 1987 Ordinance, the “Ordinance”) which provided for an extension of the Sales Tax through March 31, 2048. The 2021 Short-Term Notes are further secured by a pledge of certain amounts held by the Trustee under the Subordinate Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Subordinate Pledge of Sales Tax Revenues.”

The Sales Tax is scheduled to expire on March 31, 2048. Under the Subordinate Indenture, the Trustee is required to make monthly deposits of Sales Tax Revenues received from the Senior Trustee pursuant to the Senior Indenture in the Interest Fund and Principal Fund in advance of the next semiannual or annual payment of debt service becoming due on the 2021 Short-Term Notes, in amounts

sufficient to pay such debt service, including the final amount becoming due on October 1, 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Allocation of Sales Tax Revenues for 2021 Short-Term Notes” and “THE SALES TAX – Authorization, Application and Collection of the Sales Tax.” Notwithstanding the foregoing, the Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of the Junior Subordinate TIFIA Loan or other financing as set forth above.

Outstanding Senior Obligations

As of February 1, 2021, the Commission had outstanding \$1,777,935,000 aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds) with a lien on Sales Tax Revenues senior to the subordinate pledge securing the 2021 Short-Term Notes. The Commission is also party to Interest Rate Swap Agreements and Liquidity Facilities secured by a lien on Sales Tax Revenues senior to the pledge securing the 2021 Short-Term Notes. See “OUTSTANDING OBLIGATIONS – Senior Lien Debt,” “– Interest Rate Swap Agreements” and “– Liquidity Facilities.”

Issuance of Additional Subordinate Obligations

The Commission is authorized to issue \$100,000,000 of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the “Subordinate Commercial Paper Notes”) and may issue additional Subordinate Commercial Paper Notes and other Parity Debt (as defined herein) secured by Sales Tax Revenues on a parity with the 2021 Short-Term Notes and on a basis subordinate to the Commission’s Outstanding Senior Lien Debt (as defined herein). See SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Issuance of Additional Obligations.”

No Debt Service Reserve for 2021 Short-Term Notes

No debt service reserve will be funded for the 2021 Short-Term Notes.

The Commission and SANDAG

The Board of Directors of the San Diego Association of Governments (“SANDAG”) is designated under State legislation to serve as the San Diego County Regional Transportation Commission. The Commission is authorized, acting by motion, resolution or ordinance, to enter into contracts and, by a two-thirds vote to authorize the issuance of bonds payable from proceeds of the Sales Tax.

The Commission is a separate legal entity from the City of San Diego, California (the “City”) and the County of San Diego, California (the “County”). See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

The Commission is responsible for the implementation and administration of transportation improvement programs funded with the Sales Tax known as “*TransNet*.” The Commission is authorized to receive sales tax revenues after deduction of required CDTFA costs, approve programs and projects for funding, and adopt implementing ordinances, rules, policies, and take such other actions as may be necessary and appropriate to carry out its responsibilities. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION.”

SANDAG is the statutorily created regional transportation planning agency. In 2003, State legislation required the consolidation of the planning, programming, project development, and construction functions of the agencies currently known as San Diego Metropolitan Transit System

(“MTS”) and North County Transit District (“NCTD”) into SANDAG. SANDAG is now responsible for transit planning, programming, project implementation, and construction of transit projects in the region and assists in the financing of transit projects. Neither SANDAG nor the Commission operates public transit services. MTS and NCTD operate such services within the County. SANDAG is the operator of certain express lanes on State Route 125 and has issued toll revenue debt to finance the acquisition of such toll road. The liabilities of SANDAG are not liabilities of the Commission.

Mid-Coast Corridor Transit Project

The Commission’s “Mid-Coast Corridor Transit Project” is a 10.92 mile extension of the Metropolitan Transit System’s San Diego Trolley Blue Line from the Santa Fe Depot in downtown San Diego to the University Town Center Transit Center in the University City community of San Diego, California. As of the date of this Official Statement, the Mid-Coast Corridor Transit Project is approximately 85% completed, with utility relocation, major structure construction and most of the land acquisition now completed. Subsurface utilities, including electrical, communication, sewer, water, and storm drain, have been substantially relocated. Construction on the bridges and viaduct that will carry the light rail and the station foundations is substantially complete. Right-of-way acquisitions for 35 of the total 44 properties have been completed (and permission has been secured to advance construction on 41 properties). Supporting infrastructure including retaining walls, bike paths, roadways, and sidewalks are approximately 95% complete. Track is installed and the construction teams are substantially complete with installation of the catenary system, with testing and start-up on schedule to start in Spring 2021.

The Commission applied the proceeds of the 2018 Short-Term Notes to: (i) finance or refinance certain costs of the Mid-Coast Corridor Transit Project, including all or a portion of (a) upgrades to signaling and traction power systems along existing trolley tracks from the Santa Fe Depot to the Old Town Transit Center, (b) construction of new double track between the Old Town Transit Center and the UTC Transit Center in University City, (c) construction of new stations; (d) construction of park-and ride facilities with parking spaces; (e) construction of transfer facilities; and (f) acquisition of new low-floor light rail transit vehicles, and (ii) pay the costs of issuing the 2018 Short-Term Notes. The 2018 Short-Term Notes are being refunded and defeased in full with a portion of the proceeds of the 2021 Short-Term Notes. See “REFUNDING PLAN.”

The Commission previously applied certain proceeds of its Series 2014 Bonds and Series 2016 Bonds to finance a portion of the costs of the design and construction of the Mid-Coast Corridor Transit Project under the *TransNet* Early Action Program. On August 14, 2019 SANDAG issued \$335,000,000 Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), to provide funds to finance a further portion of the costs of the design and construction of the Mid-Coast Corridor Transit Project.

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by new strains of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is significantly affecting many parts of the world, including the United States, California and the County. The Pandemic has negatively affected travel and commerce and is widely expected to continue to negatively affect economic output.

Sales Tax Revenue collections have been higher in the first half of Fiscal Year 2021 than the first half of the prior fiscal year. In particular, collections have benefited from a recent United States Supreme Court ruling that broadened the ability to tax online sales of a seller located in another state at a time when online-sales surged as a result of the Pandemic. See “THE SALES TAX – Recent Developments Regarding Sales Tax Collection. Sales Tax Revenues have also benefited from higher-than-expected spending on taxable items as a result of public income support (stimulus checks and supplemental

unemployment benefits), the fast recovery in high paying jobs, and the strong stock market. Spending behavioral changes have also led to strong increases in spending on taxable goods, while spending on services decreased due to Pandemic related restrictions. See “THE SALES TAX – Historical Sales Tax Revenues – Monthly Sales Tax Revenues.”

To date, the economic effects of the Pandemic have not resulted in a material reduction of Sales Tax Revenues, but the Commission is unable to predict the Pandemic’s ongoing impact. Such impact could have a material adverse effect on future Sales Tax Revenues. See “RISK FACTORS – COVID-19 Pandemic.” The Commission does have flexibility to adjust project expenditures if necessary to adapt to the practical and economic challenges of the Pandemic. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION – The Expenditure Plan.”

THE 2021 SHORT-TERM NOTES

The 2021 Short-Term Notes are being issued by the Commission pursuant to the Subordinate Indenture and the Act. The 2021 Short-Term Notes will be dated their date of delivery and will mature on the date and in the amounts, and will bear interest at the rates, shown on the cover page of this Official Statement. Interest on the 2021 Short-Term Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Commission will issue the 2021 Short-Term Notes as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Commission will pay interest on the 2021 Short-Term Notes on April 1 and October 1 of each year, commencing on October 1, 2021 (each, an “Interest Payment Date”).

The 2021 Short-Term Notes will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2021 Short-Term Notes. Investors may purchase 2021 Short-Term Notes in book-entry form only. Purchasers (“Beneficial Owners”) of the 2021 Short-Term Notes will not receive physical certificates representing their ownership interest in the 2021 Short-Term Notes purchased. Payments of principal of and interest on the 2021 Short-Term Notes will be made to DTC, and DTC will distribute such payments to its Direct Participants. “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 2021 Short-Term Note, including, without limitation, any Person holding 2021 Short-Term Notes through nominees or depositories, including DTC. Disbursement of such payments to Beneficial Owners of the 2021 Short-Term Notes is the responsibility of DTC’s Direct and Indirect Participants and not the Commission. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM.”

SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES

Anticipated Repayment of Principal of 2021 Short-Term Notes From TIFIA Loan Draw

The Commission does not expect to collect and retain Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the TIFIA Loan Agreement, with the TIFIA Lender, pursuant to which the TIFIA Lender has agreed to extend credit to the Commission in the amount of \$537,484,439, plus up to five years of capitalized interest. See “JUNIOR SUBORDINATE TIFIA LOAN” and “RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes” herein.

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds under the Senior Indenture,

or Notes or other Parity Debt under the Subordinate Indenture or to otherwise obtain financing, at any interest rate not to exceed the Maximum Interest Rate (as defined in the Senior Indenture) and subject to the terms of the Senior Indenture and the Subordinate Indenture, to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing.”

Subordinate Pledge of Sales Tax Revenues

The 2021 Short-Term Notes are limited obligations of the Commission and are payable as to principal and interest exclusively from Revenues as defined in the Subordinate Indenture, consisting of Sales Tax Revenues and any other amounts received by the Trustee after satisfaction of the Commission’s obligation to pay principal of and interest on the Senior Lien Debt (as defined below), scheduled payments on any Interest Rate Swap Agreements and to replenish shortfalls, if any, in debt service reserve funds relating to the Senior Lien Debt. “Sales Tax Revenues” means the amounts available for distribution to the Commission on and after July 1, 1988 on account of the Sales Tax after deducting amounts payable by the Commission to the CDTFA for costs and expenses for its services in connection with the Sales Tax. For a general discussion of the Sales Tax and historical and forecasted Sales Tax Revenues, see “THE SALES TAX” herein.

The Subordinate Indenture provides that the pledge of Revenues for the payment of the 2021 Short-Term Notes, the Subordinate Commercial Paper Notes, and any debt or other obligations of the Commission secured by Revenues on a parity with the 2021 Short-Term Notes (such debt being hereinafter referred to as “Parity Debt”), shall constitute a first lien on the Revenues pledged under the Subordinate Indenture and shall be valid and binding from and after delivery by the Trustee of the 2021 Short-Term Notes or Parity Debt, without any physical delivery thereof or further act. The security provisions of the Senior Indenture and the Subordinate Indenture effectively create a second lien on Sales Tax Revenues, junior and subordinate to the first lien on Sales Tax Revenues that secures the Senior Lien Debt.

Under the Subordinate Indenture, the Commission has covenanted to cause the Sales Tax Revenues to be transmitted by the CDTFA directly to the Senior Trustee and pursuant to the Senior Indenture each month the Senior Trustee shall remit all Sales Tax Revenues remaining after satisfaction of the requirements relating to the Senior Lien Debt to the Trustee. The Trustee is directed to deposit all Sales Tax Revenues received from the Senior Trustee in the Revenue Fund established under the Subordinate Indenture. See “Allocation of Sales Tax Revenues for 2021 Short-Term Notes” below. All moneys at any time held in the Revenue Fund established under the Subordinate Indenture shall be held in trust for the benefit of the registered owners of the 2021 Short-Term Notes and Parity Debt and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Subordinate Indenture.

As of February 1, 2021, the Commission had outstanding \$1,777,935,000 aggregate principal amount of sales tax revenue bonds (the “Outstanding Senior Bonds”) and may decide to issue additional sales tax revenue bonds or other indebtedness having a lien upon the Sales Tax Revenues that is senior to that of the 2021 Short-Term Notes (the Outstanding Senior Bonds and any additional bonds or other indebtedness secured by a lien on Sales Tax Revenues senior to lien securing the 2021 Short-Term Notes is referred to herein as the “Senior Lien Debt”). The Commission is also party to Interest Rate Swap Agreements and Liquidity Facilities secured by a lien on Sales Tax Revenues senior to the pledge securing the 2021 Short-Term Notes. See “OUTSTANDING OBLIGATIONS – Senior Lien Debt,” “– Interest Rate Swap Agreements and “– Liquidity Facilities”

See APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE.”

Limited Liability

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE COMMISSION TO THE EXTENT OF THE PLEDGE OF REVENUES DESCRIBED HEREIN, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2021 SHORT-TERM NOTES. NEITHER THE CREDIT NOR THE TAXING POWER (OTHER THAN AS DESCRIBED IN THE SUBORDINATE INDENTURE) OF THE COMMISSION IS PLEDGED FOR THE PAYMENT OF THE 2021 SHORT-TERM NOTES. THE 2021 SHORT-TERM NOTES ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES.

Allocation of Sales Tax Revenues for 2021 Short-Term Notes

In accordance with the Subordinate Indenture, so long as any 2021 Short-Term Notes are Outstanding and all other amounts payable thereunder remain unpaid, the Trustee will set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following fund (which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the 2021 Short-Term Notes and Parity Debt) in the following amount, the requirements of such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Subordinate Commercial Paper Notes and Parity Debt as provided in the Subordinate Indenture and the proceedings for such Parity Debt delivered to the Trustee pursuant to the Subordinate 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 2021 Short-Term Notes and Parity Debt).

2021 Short-Term Notes Interest Fund. Following receipt of the Sales Tax Revenues from the Senior Trustee in each month, the Trustee shall set aside in the 2021 Short-Term Notes Interest Fund as soon as practicable in such month an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the 2021 Short-Term Notes during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the 2021 Short-Term Notes Interest Fund from the proceeds of the 2021 Short-Term Notes 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 2021 Short-Term Notes is on deposit in such fund; provided that from the date of delivery of the 2021 Short-Term Notes until the first Interest Payment Date with respect to such 2021 Short-Term Notes the amounts set aside in such fund with respect to such 2021 Short-Term Notes 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. No deposit need be made into the 2021 Short-Term Notes Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Date falling within the next six (6) months upon the 2021 Short-Term Notes then Outstanding and on April 1 of each year any excess amounts in the 2021 Short-Term Notes Interest Fund not needed to pay interest on such date shall be transferred to the Commission (but excluding, in each case, any moneys on deposit in the 2021 Short-Term Notes Interest Fund to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

Pursuant to the Subordinate Indenture, the principal payments for the 2021 Short-Term Notes constitute Excluded Principal Payments and no amounts need be on deposit in the 2021 Short-Term Notes Principal Fund with respect to such principal payments. See APPENDIX C-2 — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – THIRD

SUPPLEMENT TO THE SUBORDINATE INDENTURE – Allocation of Sales Tax Revenues – 2021 Short-Term Notes Principal Fund.”

Best Efforts Undertaking to Draw on TIFIA Loan Agreement or Obtain Financing

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture or to otherwise obtain financing, at any interest rate not to exceed the Maximum Interest Rate (as defined in the Senior Indenture) and subject to the terms of the Senior Indenture and the Subordinate Indenture, to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. See “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

Issuance of Additional Obligations

The 2021 Short-Term Notes will be issued and delivered as Subordinate Obligations under the Subordinate Indenture. Except to the extent restricted by the Subordinate Indenture, the Senior Indenture and the TIFIA Loan, the Commission may issue or incur obligations payable out of Sales Tax Revenues on a basis senior to, on a parity with, or junior and subordinate to the payment of the principal and interest requirements for the 2021 Short-Term Notes.

Issuance of Additional Senior Lien Obligations. The Commission may by an indenture supplemental to the Senior Indenture establish one or more series of Senior Bonds (as such term is defined herein) payable from Sales Tax Revenues and secured by the pledge made under the Senior Indenture on a basis senior to the 2021 Short-Term Notes, but only upon compliance by the Commission with certain provisions of the Senior Indenture, the Subordinate Indenture and the TIFIA Loan. Some applicable provisions of the Senior Indenture are described below:

(a) No Event of Default (as such term is defined in the Senior Indenture) shall have occurred and then be continuing.

(b) If the supplemental indenture providing for the issuance of such series of additional Bonds requires either (i) the establishment of a bond reserve fund to provide additional security for such series of bonds or (ii) that the balance on deposit in an existing bond reserve fund established under the Senior Indenture be increased, forthwith upon the receipt of the proceeds of the sale of Senior Bonds of such series, to an amount at least equal to the Bond Reserve Requirement (as such term is defined in the Senior Indenture) with respect to such series of Senior Bonds and all other Senior Bonds secured by such bond reserve fund to be considered Outstanding (as such term is defined in the Senior Indenture) upon the issuance of such additional series of Senior Bonds, the supplemental indenture providing for the issuance of such additional series of Senior Bonds shall require deposit of the amount necessary. Said deposit may be made from the proceeds of the sale of Senior Bonds of such series or from other funds of the Commission or from both such sources or in the form of a Reserve Facility as described under APPENDIX C-1 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – Definitions” and “ – Establishment and Application of Funds and Accounts – Funding and Application of Bond Reserve Funds.”

(c) The Commission shall have placed on file with the Senior Bond Trustee a certificate of the Commission, certifying that the amount of Sales Tax Revenues collected during the fiscal year for which audited financial statements are available preceding the date on which such additional series of Senior Bonds will become outstanding was equal to at least 2.0 times Maximum Annual Debt Service (as

such term is defined in the Senior Indenture) on all series of Senior Bonds then Outstanding (as such term is defined in the Senior Indenture) and any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission then Outstanding (as such term is defined in the Senior Indenture) for borrowed money or the Initial Swaps (as such term is defined in the Senior Indenture), the Basis Rate Swap Overlays, or any other Interest Rate Swap Agreement (as such term is defined in the Senior Indenture) (excluding, in each case, fees and expenses and termination payments on Interest Rate Swap Agreements (as such term is defined in the Senior Indenture) entered into in connection with a series of Senior Bonds, in each case incurred in accordance with the provisions of the Senior Indenture described herein and having an equal lien and charge upon the Sales Tax Revenues and therefore payable on a parity with the Senior Bonds (whether or not any Senior Bonds are Outstanding (as such term is defined in the Senior Indenture)) (collectively, the “Senior Obligations”), and the additional series of Senior Bonds then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based. For purposes of calculating Maximum Annual Debt Service (as such term is defined in the Senior Indenture), principal and interest payments on Obligations (as such term is defined in the Senior Indenture) are excluded to the extent such payments are to be paid from Revenues (as such term is defined in the Senior Indenture) then held on deposit by the Senior Trustee or from other amounts on deposit, including Investment Securities (as such term is defined in the Senior Indenture) and interest to be payable thereon, with the Senior Trustee or other fiduciary in escrow specifically therefor and interest payments are excluded to the extent that such interest payments are to be paid from the proceeds of Obligations (as such term is defined in the Senior Indenture), including Investment Securities (as such term is defined in the Senior Indenture) and interest to be payable thereon, held by the Senior Trustee or other fiduciary as capitalized interest specifically to pay such interest or from pledged Subsidy Payments (as such term is defined in the Senior Indenture) the Commission expects to receive.

(d) The Commission shall deliver to the Senior Trustee and the TIFIA Lender a certificate of the Commission to the effect that (i) no Event of Default (as defined in the TIFIA Loan Agreement) has occurred and is then continuing, and (ii) no event has occurred and is then continuing that with the passage of time or the giving of notice will become an Event of Default under the Senior Indenture or under the TIFIA Loan Agreement (as such terms are defined in the 2017 TIFIA Loan Agreement);

(e) While any TIFIA Bonds (as such term is defined in the Senior Indenture) are Outstanding (as such term is defined in the Senior Indenture), the Commission shall provide to the Senior Trustee and the TIFIA Lender, prior to the issuance of such additional series of Senior Bonds, a certificate of the Commission certifying that the amount of Sales Tax Revenues collected during any 12 consecutive calendar months specified by the Commission within the most recent 18 calendar months immediately preceding the date on which such additional series of Senior Bonds will become outstanding shall have been at least equal to 1.15 times Total Maximum Annual Debt Service (as such term is defined in the Senior Indenture) on all Senior Obligations (as such term is defined in the Senior Indenture), Subordinate Obligations (as such term is defined in the Senior Indenture) and Junior Subordinate Obligations (as such term is defined in the Senior Indenture) then Outstanding (as such term is defined in the Senior Indenture) and the additional series of Senior Bonds then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based; and

(f) The Commission shall certify to the Senior Trustee and the TIFIA Lender that the issuance of any additional Senior Bonds (other than Senior Bonds issued or incurred for purposes of refunding in compliance with the requirements for the issuance of Senior Refunding Bonds set forth in the Senior Indenture will not, in and of itself, result in a downgrade below “A-” or “A3” or withdrawal of the then-existing credit rating of any TIFIA Bonds (as such term is defined in the Senior Indenture), as confirmed by the Nationally Recognized Rating Agencies (as such term is defined in the Senior Indenture) that provided the most recent ratings of such TIFIA Bonds at the request of the Commission.

Nothing in the Senior Indenture will prevent or be construed to prevent the supplemental indenture providing for the issuance of an additional series of Senior Bonds and pledging or otherwise providing, in addition to the security given or intended to be given by the Senior Indenture, additional security for the benefit of such additional series of Senior Bonds or any portion thereof.

Issuance of Additional Subordinate Obligations. The Commission may by Supplemental Indenture to the Subordinate Indenture establish one or more additional Series of Subordinate Commercial Paper Notes or Parity Debt, payable from Revenues and secured by the pledge made under the Subordinate Indenture equally and ratably with the 2021 Short-Term Notes and any other Subordinate Commercial Paper Notes previously issued, and the Commission may issue, and the Issuing and Paying Agent may authenticate and deliver to the purchasers thereof, Subordinate Commercial Paper Notes of any Series so established, in such principal amount as shall be determined by the Commission, but only, with respect to each such additional Series of Subordinate Commercial Paper Notes or Parity Debt, upon compliance by the Commission with the provisions of the Subordinate Indenture and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions:

(a) No Event of Default shall have occurred and then be continuing under the Subordinate Indenture.

(b) The aggregate principal amount of Subordinate Commercial Paper Notes or Parity Debt authorized to be issued under the Subordinate Indenture together with all outstanding Senior Lien Debt and Parity Debt shall not in combination with all outstanding debt obligations of the Commission exceed any limitation imposed by law or by any Supplemental Indenture or by Section 132309(b) of the Public Utilities Code of the State.

(c) The Commission shall place on file with the Trustee and each Administrative Agent a Certificate of the Commission certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Subordinate Commercial Paper Notes or Parity Debt will become Outstanding shall have been at least equal to 1.5 times the amount of Maximum Annual Debt Service (as such term is defined in the Subordinate Indenture) on all Senior Lien Debt, Subordinate Commercial Paper Notes and Parity Debt then outstanding and the additional Series of Subordinate Commercial Paper Notes or Parity Debt then proposed, which Certificate shall also set forth the computations upon which such Certificate is based, which Certificate shall also set forth the computations upon which such Certificate is based. See APPENDIX C-2 – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.”

OUTSTANDING OBLIGATIONS

Senior Bonds

Pursuant to the Senior Indenture the Commission has issued the senior lien sales tax revenue bonds summarized below. Such bonds and any additional bonds hereafter authorized by, and at any time Outstanding under, the Senior Indenture are referred to collectively herein as “Senior Bonds.”

The Commission may issue additional Senior Bonds and may issue or incur other obligations secured in whole or in part by a pledge of Sales Tax Revenues on a parity with the Senior Bonds and the regularly scheduled payments on the Initial Swaps (as defined herein), the Basis Swap Overlays (as defined herein) and any other Interest Rate Swap Agreements (as defined herein), subject to compliance with the terms and provisions set forth in the Senior Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 SHORT-TERM NOTES – Issuance of Additional Obligations – Issuance of Additional Senior Lien Obligations.”

As of February 1, 2021, the Commission had \$1,777,935,000 of the following Series of Senior Bonds Outstanding under the Senior Indenture.

Series 2008 Bonds. On March 27, 2008, the Commission issued its \$600,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008 Series B, 2008 Series C and 2008 Series D (collectively, the “Series 2008 Bonds”) in the aggregate principal amount of \$600,000,000. The Series 2008 Bonds have a final stated maturity of April 1, 2038. The Series 2008 Bonds are currently Outstanding in the aggregate principal amount of \$402,300,000. The Series 2008 Bonds are variable rate demand obligations and currently bear interest at a weekly interest rate. The Commission entered into certain Initial Swaps in connection with the Series 2008 Bonds, pursuant to which the Commission pays fixed rates and receives variable rates. See “OUTSTANDING OBLIGATIONS – Interest Rate Swap Agreements.” A portion of the proceeds of the Series 2012 Bonds described below refunded \$151.5 million of the Series 2008 Bonds and a corresponding notional amount of the Initial Swaps were terminated. The Series 2008 Bonds are currently the only Series of Bonds secured by a Bond Reserve Fund.

Series 2008 Bonds Reserve Fund. Pursuant to the Indenture, there has been established the Series 2008 Bonds Reserve Fund to be maintained by the Trustee as a pooled reserve fund for the 2008 Reserve Fund Eligible Bonds. The Series 2008 Bonds Reserve Fund is currently funded in the amount of \$21,841,581.93. The “2008 Reserve Fund Eligible Bonds” are the Series 2008 Bonds and any other Series of Additional Bonds or Refunding Bonds or portions thereof (in each case, payable on a parity with the Series 2008 Bonds from, and secured as to payment on a parity with the Series 2008 Bonds by the Revenues and other funds) issued and designated, by a Supplemental Indenture, to be secured by and entitled to the pledge and benefit of the Series 2008 Bonds Reserve Fund. The Commission has not designated any outstanding Bonds, other than the Series 2008 Bonds as 2008 Reserve Fund Eligible Bonds.

2010 Series A Bonds and 2010 Series B Bonds. On November 10, 2010, the Commission issued its \$338,960,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the “2010 Series A Bonds”). The 2010 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048. The 2010 Series A Bonds are currently outstanding in the aggregate principal amount of \$338,960,000. On November 10, 2010, the Commission issued its \$11,040,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (the “2010 Series B Bonds”). On February 19, 2020, the Commission refunded in full the outstanding 2010 Series B Bonds with a portion of the proceeds of the 2020 Series A Bonds.

The 2010 Series A Bonds were issued as “Build America Bonds” bearing taxable interest rates that were expected to be offset by a cash subsidy from the United States Treasury (the “Subsidy Payments”) pledged thereto under the Indenture. The amount of any Subsidy Payments to be received in connection with the 2010 Series A Bonds is subject to change by the federal government. On March 1, 2013, the federal government announced the implementation of certain automatic spending cuts known as “sequestration.” Future reductions in Subsidy Payments may occur due to the sequester, but the Commission is unable to predict the amount or duration of such reductions. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. The Commission does not believe that failure to receive the Subsidy Payments in whole or in part will materially and adversely impact the Commission’s ability to pay debt service on the 2010 Series A Bonds or other obligations. See “RISK FACTORS – Loss of Subsidy Payments.”

Series 2012 Bonds. On June 14, 2012, the Commission issued its \$420,585,000 Sales Tax Revenue Bonds (Limited Tax Bonds), 2012 Series A (the “Series 2012 Bonds”). The Series 2012 Bonds are currently Outstanding in the aggregate principal amount of \$40,935,000. Proceeds of the Series 2012 Bonds refunded a portion of the Series 2008 Bonds in the aggregate principal amount of \$151,500,000. A

portion of the 2019 Series A Bonds refunded a portion of the Series 2012 Bonds in the aggregate principal amount of \$246,910,000. The final maturity of the Series 2012 Bonds remaining outstanding is April 1, 2022.

2014 Series A Bonds. On September 10, 2014, the Commission issued its \$350,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2014 Series A. The 2014 Series A Bonds are currently Outstanding in the aggregate principal amount of \$170,420,000. The 2014 Series A Bonds are fixed rate bonds. A portion of the 2019 Series A Bonds refunded a portion of the 2014 Series A Bonds in the aggregate principal amount of \$155,335,000. The final maturity of the 2014 Series A Bonds remaining outstanding is April 1, 2039. The Commission plans to issue within the next sixty days approximately \$168,925,000* of bonds on a parity lien with the Senior Bonds and approximately \$86,535,000* of bonds on a parity lien with the 2021 Short-Term Notes, with a portion of the proceeds of such issues expected to be applied to refund a portion of the Series 2014 Series A Bonds. No assurance can be provided that such bonds will be issued and delivered or the final size of either issuance.

Series 2016 Bonds. On August 17, 2016, the Commission issued its \$325,000,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2016 Series A (the “Series 2016 Bonds”). The Series 2016 Bonds are currently Outstanding in the aggregate principal amount of \$307,880,000. The Series 2016 Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

2019 Series A Bonds. On December 19, 2019, the Commission issued its \$442,620,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2019 Series A (Taxable) (the “2019 Series A Bonds”). The 2019 Series A Bonds are currently Outstanding in full. The 2019 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

2020 Series A Bonds. On February 19, 2020, the Commission issued its \$74,820,000 Sales Tax Revenue Bonds (Limited Tax Bonds) 2020 Series A (Green Bonds) (the “2020 Series A Bonds”). The 2019 Series A Bonds are currently Outstanding in full. The 2020 Series A Bonds are fixed rate bonds and have a final stated maturity date of April 1, 2048.

Interest Rate Swap Agreements

Initial Swaps. In November 2005, the Commission entered into three interest rate swap agreements (the “Initial Swaps”) in an initial aggregate notional amount of \$600,000,000, or \$200,000,000 each. The Initial Swaps became effective as of April 1, 2008, and the notional amounts amortize in tandem with the amortization of the Series 2008 Bonds. The Commission’s obligation to make regularly scheduled payments to the counterparties under the Initial Swaps is payable from and secured by Sales Tax Revenues on a parity basis with the Senior Bonds. None of the Initial Swaps obligates the Commission to post any collateral.

Pursuant to the terms of the Initial Swaps, the Commission agreed to pay to the counterparties a fixed rate of interest and the counterparties agreed to pay the Commission a floating rate of interest on the first day of each month, commencing May 1, 2008. Under certain conditions, the Initial Swaps may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty. Termination payments payable in accordance with the provisions of the Initial Swaps are secured by a lien on the Sales Tax Revenues subordinate to the lien which secures the Senior Bonds, any parity obligations allowed pursuant to the Senior Indenture and other Subordinate Obligations, including the 2018 Short-Term Notes and the Subordinate Commercial Paper Notes. A portion of the proceeds of the Series 2012 Bonds refunded \$151.5 million of the Series 2008 Bonds and a

* Preliminary, subject to change.

corresponding notional amount of the Initial Swaps were terminated. As of February 5, 2021, if the Initial Swaps were terminated in full, the Commission would owe approximately \$109,868,000.

The swap counterparties under the Initial Swaps, the fixed rate of interest paid by the Commission, and the floating rate of interest paid by the swap counterparties are as follows:

<u>Name of Counterparty</u>	<u>Current Notional Amount</u>	<u>Rate</u>	<u>Floating Rate Received by Commission</u>
Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$134,100,000	3.8165%	USD SIFMA Swap Index
Bank of America, N.A.	\$134,100,000	3.8165%	USD SIFMA Swap Index
Bank of America, N.A.	\$134,100,000	3.4100%	65% of USD One-Month LIBOR

Basis Rate Swap Overlays. In March 2009, the Commission entered into two SIFMA/LIBOR floating-to-floating swaps (the “Basis Rate Swap Overlays”), each with Barclays Bank PLC (“Barclays”) and each with the initial notional amount of \$156,600,000. Pursuant to the terms of the Basis Rate Swap Overlays, the Commission agreed to pay to Barclays the SIFMA Swap Index and Barclays agreed to pay the Commission 107.4% of 3-month LIBOR on the first day of each month, commencing on May 1, 2018. The Commission’s obligation to make regularly scheduled swap payments to Barclays under the Basis Rate Swap Overlays is payable from and secured by Sales Tax Revenues on parity with the Senior Bonds. Under certain circumstances, the Basis Rate Swap Overlays may be terminated, at which time the Commission may be required to make a termination payment to the applicable counterparty. As of February 5, 2021, if the Basis Rate Swap Overlays were terminated in full, the Commission would receive approximately \$11,283,000. Under the terms of the Basis Rate Swap Overlays, the Commission may terminate the agreement and cash settle with prior written notice. Termination payments payable in accordance with the provisions of the Basis Rate Swap Overlays are secured by a lien on the Sales Tax Revenues subordinate to the lien that secures the Senior Bonds, any parity obligations and Subordinate Obligations, including the 2021 Short-Term Notes.

LIBOR Retirement. The Financial Conduct Authority (“FCA”) of the United Kingdom, which has regulated LIBOR since April of 2013, has announced its intention to retire the benchmark interest rate setting mechanism (“LIBOR Retirement”). FCA has announced it will consult on its intention to cease the publication of the one week and two month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and to cease the publication of the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. Extending the publication of certain USD LIBOR tenors until June 30, 2023 is expected to allow most legacy USD LIBOR contracts to mature before LIBOR experiences disruptions. Certain agreements that rely on LIBOR without an alternative index upon LIBOR Retirement may need to be amended with the consent of the parties and/or bondholders. The Commission is reviewing its agreements and will take appropriate action as the situation with respect to LIBOR Retirement develops. The Commission cannot predict the financial implications, if any, from LIBOR Retirement.

Liquidity Facilities

The 2008 Series A Bonds and the 2008 Series B Bonds are supported by a Standby Bond Purchase Agreement by and among JPMorgan Chase Bank, National Association, the Commission and the Trustee, as amended, including by a Sixth Amendment to Standby Bond Purchase Agreement, dated March 1, 2017 (as amended, the “JPMorgan Liquidity Facility”). The JPMorgan Liquidity Facility will expire on March 24, 2021, prior to the final maturity of the 2008 Series A Bonds and the 2008 Series B

Bonds, unless extended or terminated in accordance with its terms. The Commission's staff is currently working on securing an extension to the JPMorgan Liquidity Facility.

The 2008 Series C Bonds are supported by a Standby Bond Purchase Agreement dated as of November 1, 2017 (the "Bank of America Liquidity Facility"), by and among Bank of America, N.A., the Commission and the Trustee. The Bank of America Liquidity Facility will expire on November 2, 2021, prior to the final maturity of the 2008 Series C Bonds, unless extended or terminated in accordance with its terms.

The 2008 Series D Bonds are supported by a Standby Bond Purchase Agreement by and among State Street Bank and Trust Company, the Commission and the Trustee (the "State Street Liquidity Facility" and, together with the JPMorgan Liquidity Facility and the Bank of America Liquidity Facility, the "2008 Liquidity Facilities" and each a "2008 Liquidity Facility"). The State Street Liquidity Facility will expire on June 4, 2024, prior to the final maturity of the 2008 Series D Bonds, unless extended or terminated in accordance with its terms.

The Commission is unable to predict the cost or availability of alternate credit or liquidity arrangements to replace any of the 2008 Liquidity Facilities upon their expiration or termination. See "RISK FACTORS – Acceleration of Liquidity Facility Bonds."

Subordinate Obligations

The following Series of Subordinate Obligations are Outstanding under the Subordinate Indenture.

2021 Short-Term Notes. Upon execution and delivery of the 2021 Short-Term Notes, all of the 2018 Short-Term Notes are expected to be paid and discharged. The Commission does not expect to hold Sales Tax Revenues in an amount sufficient to pay the principal of the 2021 Short-Term Notes at maturity. The Commission expects to pay the principal of the 2021 Short-Term Notes from the proceeds of a draw on the loan agreement the Commission entered into, on January 14, 2021 (the "TIFIA Loan Agreement"), with the U.S. Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the "TIFIA Lender"), pursuant to which the TIFIA Lender has agreed to extend credit to the Commission in the amount of \$537,484,439, plus up to 5-years of capitalized interest (the "Junior Subordinate TIFIA Loan"). See "JUNIOR SUBORDINATE TIFIA LOAN" and "RISK FACTORS – Availability of Funds to Pay 2021 Short-Term Notes" herein.

The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn in a single disbursement no later than October 1, 2022, and such proceeds are expected to be applied to pay the 2021 Short-Term Notes on or prior to their maturity date. See "RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes."

Subordinate Commercial Paper Notes and CP Letter of Credit. In 2005, the Commission authorized the issuance from time to time of Subordinate Commercial Paper Notes secured by a lien on the Sales Tax Revenues that is subordinate to the lien of the Bonds and any Parity Obligations. The total principal amount of Subordinate Commercial Paper Notes that are authorized to be issued may not exceed \$100,000,000. As the date of this Official Statement, \$53,488,000 in aggregate principal amount of Subordinate Commercial Paper Notes was outstanding. The payment of principal of and interest on the Subordinate Commercial Paper Notes up to \$100,000,000 is supported by an irrevocable, transferable direct-pay letter of credit issued by Bank of America, N.A. (the "CP Letter of Credit"). The CP Letter of Credit is stated to expire on September 10, 2021. The Commission's obligation to reimburse Bank of America, N.A. for draws under the CP Letter of Credit is secured by a lien on the Sales Tax Revenues on a parity with the lien securing the Subordinate Commercial Paper Notes and the 2021 Short-Term Notes.

Commission staff plans to recommend that the Commission increase the authorization of Subordinate Commercial Paper Notes to a maximum of \$200,000,000.

Under a Memorandum of Understanding, dated as of June 1, 2008 (the “Certificate Purchase MOU”), by and between the Commission and NCTD, the Commission agreed to issue \$34,000,000 in Subordinate Commercial Paper Notes to purchase outstanding Certificates of Participation evidencing payments by NCTD under a Lease Agreement, dated as of July 1, 2004 (the “NCTD Certificates”), the proceeds of which funded the NCTD “SPRINTER” rail line. Under the Certificate Purchase MOU, while the Commission holds the NCTD Certificates, they bear interest at a rate equal to the weighted average interest rate on the Subordinate Commercial Paper Notes and are subject to an amortization schedule of approximately level debt service payments through September 1, 2034, corresponding to the amortization schedule of an interest rate swap agreement NCTD entered into in connection with the NCTD Certificates. The Commission is not obligated to make any payments under such interest rate swap agreement. The NCTD Certificates are currently outstanding in an aggregate principal amount of \$21,750,000.

Additional Subordinate Obligations. Except to the extent restricted by the Senior Indenture, the Commission may issue or incur Subordinate Obligations secured by a second lien pledge of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Senior Obligations, as the same become due and payable and at the times and in the manner as required by the Subordinate Indenture.

JUNIOR SUBORDINATE TIFIA LOAN

General

On June 27, 2017, the Commission entered into a loan agreement (the “2017 TIFIA Loan Agreement”), pursuant to which the U.S. Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”) agreed to make a junior and subordinate loan to the Commission in an amount not to exceed \$537,484,439. The 2017 TIFIA Loan had a fixed interest rate of 2.72% and a final maturity no later than October 1, 2045.

To achieve interest rate savings the Commission entered into a replacement TIFIA Loan Agreement with the TIFIA Lender on January 14, 2021 (the “TIFIA Loan Agreement”) and terminated the 2017 TIFIA Loan Agreement, which was not drawn. Pursuant to the TIFIA Loan Agreement the TIFIA Lender has agreed to extend credit to the Commission in the amount of \$537,484,439, plus up to five years of capitalized interest (the “Junior Subordinate TIFIA Loan”). The proceeds of the Junior Subordinate TIFIA Loan are expected to be applied to the payment of federally eligible costs of the Project, including repayment of the 2021 Short-Term Notes. The Junior Subordinate TIFIA Loan bears interest at a fixed rate of 1.75% and matures no later than October 1, 2045. The Junior Subordinate TIFIA Loan is secured by a third lien and pledge of Sales Tax Revenues that is subordinate to the liens and charges securing the Senior Bonds and the Subordinate Obligations. The Junior Subordinate TIFIA Loan is not secured by a springing lien.

The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn in a single disbursement no later than October 1, 2022, and such proceeds are expected to be applied to pay the 2021 Short-Term Notes on or prior to their maturity date. See “RISK FACTORS – Availability of Funds to Pay the 2021 Short-Term Notes.”

A copy of the TIFIA Loan Agreement may be found at:

<https://www.sandag.org/organization/about/investors/BondDocuments/BondOfficialStatements/2021TIFI A.pdf>.

Disbursement Requirements

The proceeds of the Junior Subordinate TIFIA Loan are expected to be fully drawn by the Commission in a single disbursement no later than October 1, 2022. Any requests to disburse the Junior Subordinate TIFIA Loan proceeds must be submitted by the Commission to the TIFIA Lender in the form of a requisition attached to the TIFIA Loan Agreement. Disbursement of Junior Subordinate TIFIA Loan proceeds is subject to certain conditions precedent, including, among others, the following:

- (a) the Commission shall have delivered all required invoices and records evidencing Eligible Project Costs relating to the Mid-Coast Corridor Transit Project;
- (b) all required insurance policies are in full force and effect;
- (c) no event of default or prospective event of default under the TIFIA Loan Agreement has occurred and is continuing;
- (d) all representations and warranties are true, correct and complete as of the date of disbursement; and
- (e) no material adverse effect, or any event or condition that could reasonably be expected to result in a material adverse effect, shall have occurred and be continuing.

Events of Default and Remedies

Certain Definitions used under this Caption.

“Pledged Revenues” means (a) all Sales Tax Revenues, (b) all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any Qualified Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Commission to such Qualified Counterparty under such Interest Rate Swap Agreement, (c) any additional revenues or assets of the Commission to be included in the definition of Pledged Revenues pursuant to a Supplemental Indenture; provided, however, that after making the required monthly deposits of Pledged Revenues from the Revenue Fund pursuant to Section 5.02 of the Indenture and Section 8(d) (Security and Priority; Flow of Funds), any remaining amounts transferred to the Commission pursuant to Section 5.02(B) of the Indenture, shall continue to be subject to the lien of the Indenture as Revenues.

“Indenture Documents” means the Senior Indenture, the Tenth Supplemental Indenture, each Supplemental Indenture executed on or after the effective date of the TIFIA Loan Agreement, the Subordinate Indenture, each Interest Rate Swap Agreement, each Credit Enhancement, and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

“MTS” means the San Diego Metropolitan Transit System, a public agency in the State.

“MTS Direct Agreement” means the Direct Agreement, dated January 14, 2021, by and among the TIFIA Lender, the Borrower and MTS.

“SANDAG Direct Agreement” means the Direct Agreement, dated January 14, 2021, by and among the TIFIA Lender, the Commission and SANDAG.

“TIFIA Loan Documents” means the TIFIA Loan Agreement, the TIFIA Bond, each Direct Agreement, the Tenth Supplemental Indenture and the other Indenture Documents.

Events of Default. The following events constitute events of default under the TIFIA Loan Agreement:

(i) **Payment Default.** The Commission shall fail to pay any of the principal amount of or interest on the TIFIA Loan, when and as the payment thereof shall be required under the TIFIA Loan Agreement or the TIFIA Bond (as defined herein) or on October 1, 2045, the final maturity date (each such failure, a “Payment Default”).

(ii) **Covenant Default.** (A) The Commission shall fail to observe or perform any covenant, agreement or obligation of the Commission under the TIFIA Loan Agreement, the TIFIA Bond or any other TIFIA Loan Document (other than in the case of any Payment Default or any Development Default), (B) SANDAG shall fail to observe or perform any covenant, agreement or obligation of SANDAG under the SANDAG Direct Agreement or (C) MTS shall fail to observe or perform any covenant, agreement or obligation of MTS under the MTS Direct Agreement, and any such failure described in clauses (A), (B) or (C) shall not be cured within thirty (30) days after receipt by the applicable Commission Related Party from the TIFIA Lender of written notice thereof; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under Section 20(a)(ii) of the TIFIA Loan Agreement (*Covenant Default*), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Commission, SANDAG or MTS, as applicable, shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured, and (y) such failure is cured within one hundred eighty (180) days of the date of the notice of default from the TIFIA Lender.

(iii) **Development Default.** A Development Default shall occur, in which case the TIFIA Lender may (A) suspend the disbursement of TIFIA Loan proceeds under the TIFIA Loan Agreement and (B) pursue such other remedies as provided in Section 20 of the TIFIA Loan Agreement (*Events of Default and Remedies*). If so requested by the TIFIA Lender in connection with a Development Default, the Commission shall immediately repay any unexpended TIFIA Loan proceeds previously disbursed to the Commission.

(iv) **Misrepresentation Default.** Any of the representations, warranties or certifications of (A) the Commission made in or delivered pursuant to the TIFIA Loan Documents (or in any certificates delivered by the Commission in connection with the TIFIA Loan Documents), (B) SANDAG made in or delivered pursuant to the SANDAG Direct Agreement (or in any certificates delivered by SANDAG in connection with the SANDAG Direct Agreement) or (C) MTS made in or delivered pursuant to the MTS Direct Agreement (or in any certificates delivered by MTS in connection with the MTS Direct Agreement), shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Event of Default shall be deemed to have occurred under Section 20(a)(iv) of the TIFIA Loan Agreement (*Misrepresentation Default*) if and so long as:

- (1) such misrepresentation is not intentional;
- (2) in the case of the Commission, such misrepresentation is not a misrepresentation in respect of Section 14(h) (No Debarment), Section 14(j) (Compliance with Federal Requirements), Section 14(k) (Transportation Improvement Program), Section 14(p) (Information), Section 14(q) (OFAC; Anti-Corruption Laws), Section 14(x) (Financial Statements) or Section 14(cc) (Patriot Act);
- (3) in the case of SANDAG, such misrepresentation is not a misrepresentation in respect of Sections 5(g), 5(i), 5(m) or 5(n) of the SANDAG Direct Agreement;
- (4) in the case of MTS, such misrepresentation is not a misrepresentation in respect of Sections 4(g), 4(i), 4(m) or 4(n) of the MTS Direct Agreement;
- (5) in the reasonable determination of the TIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a material adverse effect;
- (6) in the reasonable determination of the TIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured;
- (7) the underlying issue giving rise to the misrepresentation is cured by the applicable Commission Related Party within thirty (30) days from the date on which such Commission Related Party first became aware (or reasonably should have become aware) of such misrepresentation; and
- (8) the applicable Commission Related Party diligently pursues such cure during such thirty (30) day period.

(v) Acceleration of Secured Obligations or Other Material Indebtedness.

Any acceleration shall occur of the maturity of any (A) Secured Obligations or (B) any indebtedness or other payment obligations of the Commission secured by Pledged Revenues in an aggregate principal amount equal to or greater than \$1,000,000 that is senior to, or in parity with, the TIFIA Loan in right of payment or in right of security (“Other Material Indebtedness”), or any other indebtedness shall not be paid in full upon the final maturity thereof. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(vi) Cross Default. (A) Any of the representations, warranties or certifications of the Commission made in or delivered pursuant to the Indenture Documents, or made in or delivered pursuant to the documents (the “Other Loan Documents”) under which any Secured Obligations is created or incurred, shall prove to be false or misleading in any material respect (each an “Other Indebtedness Misrepresentation Default”), or any default shall occur in respect of the performance of any covenant, agreement or obligation of the Commission under the Indenture Documents or the Other Loan Documents, and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in the Indenture Documents or the Other Loan Documents (as the case may be) with respect to such default (each an “Other Indebtedness Covenant Default”), if the effect of such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant Default shall be to permit the immediate acceleration of the maturity of any or all of the Secured Obligations, and, in the case of any such Other Indebtedness Misrepresentation Default or Other Indebtedness Covenant Default, the Commission shall have failed to cure such Other Indebtedness Misrepresentation

Default or Other Indebtedness Covenant Default or to obtain an effective written waiver thereof in accordance with the terms of such Secured Obligations. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(B) A Commission Related Party shall default in the timely performance of any covenant, agreement or obligation under any Related Document to which it is party or any Related Document shall be terminated prior to its scheduled expiration (unless in any case such default or termination could not reasonably be expected to have a material adverse effect), and the applicable Commission Related Party shall have failed to cure such default or to obtain an effective written waiver or revocation thereof prior to the expiration of the applicable grace period specified in any such Related Document, or to obtain an effective revocation of such termination (as the case may be); provided, however, that no Event of Default shall be deemed to have occurred or be continuing under Section 20(a)(vi)(B) of the TIFIA Loan Agreement (*Cross Default*) if, in the case of any termination of a Principal Project Contract, the applicable Commission Related Party replaces such Principal Project Contract with a replacement agreement (1) entered into with another counterparty that (x) is of similar or greater creditworthiness and experience as the counterparty being replaced was at the time the applicable Principal Project Contract was originally executed (or otherwise reasonably acceptable to the TIFIA Lender) and (y) is not, at the time of such replacement, suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency, (2) on substantially the same terms and conditions as the Principal Project Contract being replaced (or otherwise reasonably acceptable to the TIFIA Lender) and (3) effective as of the date of termination of the Principal Project Contract being replaced. For the avoidance of doubt, swap termination payments and term-outs of Secured Obligations that occur in accordance with the terms of such Secured Obligations shall not be considered acceleration.

(vii) Judgments. One or more judgments (A) for the payment of money that are payable from Sales Tax Revenues and the aggregate amount not otherwise fully covered by insurance (for which the insurer has acknowledged and not disputed coverage) is in excess of \$1,000,000 (inflated annually by CPI) or (B) that would reasonably be expected to result in a material adverse effect shall, in either case, be rendered against a Commission Related Party, and the same shall remain undischarged for a period of thirty (30) consecutive days during which time period execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon all or any portion of the Trust Estate to enforce any such judgment.

(viii) Failure to Maintain Existence. The Commission shall fail to maintain its existence as a public entity, unless at or prior to the time the Commission ceases to exist in such form a successor public agency or governing body has been created by the State pursuant to a valid and unchallenged State law and has succeeded to the assets of the Commission and has assumed all of the obligations of the Commission under the TIFIA Loan Documents and the Indenture Documents, including the payment of all secured obligations.

(ix) Occurrence of a bankruptcy related event. (A) A bankruptcy related event shall occur with respect to the Commission or (B) a bankruptcy related event shall occur with respect to any Commission Related Party (other than the Commission) or any Principal Project Party; provided, that: (1) a bankruptcy related event in connection with a Principal Project Party shall not constitute an Event of Default if the relevant Commission Related Party shall have promptly provided evidence satisfactory to the TIFIA Lender demonstrating that any substitute Principal Project Party has sufficient financial resources and operating expertise to complete the Principal Project Contract to which such principal project party was a party; and (2) after the

substantial completion date, the occurrence of a bankruptcy related event in connection with any Principal Project Party shall not constitute an Event of Default if at the time of such occurrence, (x) each applicable warranty period shall have ended and no claim against any warranty under the applicable principal project contract shall exist or remain outstanding, or (y) if any applicable warranty period has not yet ended or any claim against any warranty remains outstanding, the Commission promptly provides evidence satisfactory to the TIFIA Lender showing that SANDAG or MTS has (I) sufficient moneys to correct any defect or nonconforming work of such principal project party, and (II) a plan to carry out such works referred to in clause (I) hereof.

(x) Project Abandonment. Any Commission Related Party shall abandon the Project.

(xi) Invalidity of TIFIA Loan Documents. (A) Any TIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or any Commission Related Party contests in any manner the validity or enforceability of any TIFIA Loan Document to which it is a party or denies it has any further liability under any TIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any TIFIA Loan Document to which it is a party; or (B) any Indenture Document ceases (other than as expressly permitted thereunder) to be effective to grant a valid and binding security interest on any material portion of the Trust Estate other than as a result of actions or a failure to act by, and within the control of, the Trustee or any Secured Party, and with the priority purported to be created thereby.

(xii) Cessation of Operations. Operation of the Project shall cease for a continuous period of not less than one hundred eighty (180) days unless such cessation of operations shall occur by reason of an Uncontrollable Force that is not due to the fault of any Commission Related Party (and which none of the Commission Related Parties could reasonably have avoided or mitigated).

Remedies. Upon the occurrence of an Event of Default described in Section 20(a)(iii) of the TIFIA Loan Agreement (Development Default), all obligations of the TIFIA Lender thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall immediately be deemed terminated.

Upon the occurrence of any bankruptcy related event with respect to the Commission, all obligations of the TIFIA Lender thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall automatically be deemed terminated, and, if an Event of Default described in the TIFIA Loan Agreement (Acceleration of Secured Obligations or Other Material Indebtedness) shall occur or if the TIFIA Lender has a right to accelerate the TIFIA Loan pursuant to the TIFIA Loan Agreement (Additional Rights), the Outstanding TIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived. Upon the occurrence of any other Event of Default, the TIFIA Lender, by written notice to the Commission, may (i) suspend or terminate all of its obligations thereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan and (ii) if an Event of Default described in Section 20(a)(v) of the TIFIA Loan Agreement (Acceleration of Secured Obligations or Other Material Indebtedness) shall occur or if the TIFIA Lender has a right to accelerate the TIFIA Loan pursuant to Section 17(n) of the TIFIA Loan Agreement (Additional Rights), declare the unpaid principal amount of the TIFIA Bond to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the TIFIA Loan Agreement, the TIFIA Bond or the other

TIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived.

Whenever any Event of Default thereunder shall have occurred and be continuing, the TIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid thereunder or under the TIFIA Bond or the other TIFIA Loan Documents, and may prosecute any such judgment or final decree against the Commission and collect in the manner provided by law out of the property of the Commission the moneys adjudged or decreed to be payable, and the TIFIA Lender shall have all of the rights and remedies of a creditor, including all rights and remedies, to the extent applicable to the Trust Estate, of a secured creditor under the Uniform Commercial Code and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by Commission under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Commission under the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents; provided, however, that any monetary judgment against the Commission shall be payable solely from the Trust Estate or from any other funds made available by the Commission, in its discretion. Whenever any Event of Default under the TIFIA Loan Agreement shall have occurred and be continuing, the TIFIA Lender may suspend or debar the Commission from further participation in any Government program administered by the TIFIA Lender and to notify other departments and agencies of such default. No action taken pursuant to this Section of the TIFIA Loan Agreement (Events of Default and Remedies) shall relieve Commission from its obligations pursuant to the TIFIA Loan Agreement, the TIFIA Bond or the other TIFIA Loan Documents, all of which shall survive any such action. The parties to the TIFIA Loan Agreement acknowledge and agree that the rights and remedies of the TIFIA Lender as the Holder of the TIFIA Bond, including any rights and remedies with respect to the payment thereof, shall be governed exclusively by the Senior Indenture.

In addition to the rights and remedies of Holders set forth in the Senior Indenture, the parties further acknowledge and agree in the TIFIA Loan Agreement that the TIFIA Loan shall be made under and subject to, the terms and conditions set forth in the TIFIA Loan Agreement and the rights and remedies of the TIFIA Lender, including the right to enforce the representations, warranties and covenants made by the Commission exclusively for the benefit of the TIFIA Lender, shall be governed exclusively by those remedies set forth in TIFIA Loan Agreement. In the event of a conflict between the Senior Indenture and the TIFIA Loan Agreement, the provisions of the TIFIA Loan Agreement shall be given precedence; provided, however, in the event there exists a conflict between the provisions of the TIFIA Loan Agreement and the Senior Indenture and performance with the provisions of the TIFIA Loan Agreement is contrary to or inconsistent with the rights of the Holders of other secured obligations under the Senior Indenture, then the provisions of the Senior Indenture shall be given precedence and performance with the provisions thereof shall not constitute a violation of the TIFIA Loan Agreement. Subject to the immediately previous sentence, the Commission shall comply with all provisions of the Senior Indenture and with all documents entered into or delivered in connection with this transaction.

REFUNDING PLAN

The Commission will apply the proceeds of the 2021 Short-Term Notes to: (i) refund and defease the Commission's outstanding Subordinate Sales Tax Revenue Short-Term Notes (Limited Tax Bonds), 2018 Series A, (ii) finance a portion of interest on the 2021 Short-Term Notes, and (iii) pay the costs of issuing the 2021 Short-Term Notes. See "ESTIMATED SOURCES AND USES OF FUNDS." Pursuant to the terms of an Escrow Agreement, dated as of March 1, 2021 (the "Escrow Agreement"), by and between the Commission and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), a portion of the proceeds of the 2021 Short-Term Notes, together with other available moneys (collectively, the "Escrow Deposit"), will be deposited into the Escrow Fund established under the Escrow Agreement.

The Escrow Deposit will be sufficient to purchase Defeasance Securities, the principal and interest of which when due will provide moneys that, together with uninvested moneys deposited with the Escrow Agent, will be sufficient to pay the principal of, and interest on, all of the 2018 Short-Term Notes due on April 1, 2021.

Robert Thomas CPA, LLC (the “Verification Agent”), will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning the adequacy of the Escrow Deposit deposited in the Escrow Fund. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of proceeds of the 2021 Short-Term Notes are shown below:

Estimated Sources of Funds:

Principal Amount of 2021 Short-Term Notes	\$537,480,000.00
Premium ⁽¹⁾	36,149,666.80
Commission Contribution	10,249,600.00
Total	<u>\$583,879,266.80</u>

Estimated Uses of Funds:

Deposit to Escrow Fund	\$547,729,600.00
Capitalized Interest	35,196,665.65
Underwriters’ Discount	633,076.15
Costs of Issuance ⁽²⁾	319,925.00
Total	<u>\$583,879,266.80</u>

⁽¹⁾ A portion of interest on the 2021 Short-Term Notes is expected to be paid from premium.

⁽²⁾ Includes rating agency, municipal advisory, legal, verification and Trustee fees, printing costs and other miscellaneous expenses.

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**PROJECTED DEBT SERVICE SCHEDULE
OUTSTANDING SENIOR AND SUBORDINATE BONDS***

Fiscal Year Ending June 30	Senior Lien			Subordinate Lien				Total Outstanding Senior and Subordinate Bonds*
	Outstanding Senior Bonds ^{(1) (2) (3)}	2021 Series A Bonds*	Total Outstanding Senior Bonds	Outstanding Commercial Paper ⁽⁴⁾	Short-Term Notes ^{(5) (6)}	2021 Series B Bonds*	Total Outstanding Subordinate Bonds	
2021	\$96,406,400	-	\$96,406,400	\$ 6,463,333	\$20,499,200	-	\$26,962,533	\$ 123,368,934
2022	96,408,400	\$ 3,610,233	100,018,634	6,461,000	-	\$ 4,486,111	10,947,111	110,965,745
2023	99,434,400	3,420,221	102,854,621	6,459,500	2,667,090	4,250,000	13,376,590	116,231,211
2024	99,432,444	3,420,221	102,852,665	6,463,750	-	4,250,000	10,713,750	113,566,415
2025	92,665,306	13,535,221	106,200,527	6,463,250	-	4,250,000	10,713,250	116,913,777
2026	92,663,628	13,533,405	106,197,032	6,463,000	-	6,300,000	12,763,000	118,960,032
2027	92,662,313	13,535,721	106,198,034	6,462,750	-	6,302,500	12,765,250	118,963,284
2028	92,668,664	13,530,305	106,198,969	6,462,250	-	6,299,750	12,762,000	118,960,969
2029	92,677,780	13,532,625	106,210,405	6,461,250	-	6,301,750	12,763,000	118,973,405
2030	92,683,303	13,529,330	106,212,633	6,459,500	-	6,303,000	12,762,500	118,975,133
2031	92,767,017	13,531,990	106,299,007	6,461,750	-	6,303,250	12,765,000	119,064,007
2032	92,774,665	13,535,045	106,309,710	6,462,500	-	6,302,250	12,764,750	119,074,460
2033	92,783,260	13,532,789	106,316,049	6,461,500	-	6,299,750	12,761,250	119,077,299
2034	92,792,029	13,534,578	106,326,607	6,463,500	-	6,300,500	12,764,000	119,090,607
2035	92,804,645	13,534,514	106,339,159	6,463,000	-	6,304,000	12,767,000	119,106,159
2036	92,809,743	13,531,756	106,341,499	6,459,750	-	6,299,750	12,759,500	119,100,999
2037	92,818,392	13,530,418	106,348,810	6,463,500	-	6,302,750	12,766,250	119,115,060
2038	92,827,244	13,532,122	106,359,366	6,463,500	-	6,302,250	12,765,750	119,125,116
2039	92,611,500	13,533,744	106,145,244	6,459,500	-	6,303,000	12,762,500	118,907,744
2040	106,681,377	-	106,681,377	6,461,250	-	6,299,500	12,760,750	119,442,127
2041	106,647,526	-	106,647,526	6,463,000	-	6,301,500	12,764,500	119,412,026
2042	106,611,420	-	106,611,420	6,459,250	-	6,303,250	12,762,500	119,373,920
2043	106,578,267	-	106,578,267	6,459,750	-	6,299,250	12,759,000	119,337,267
2044	106,532,899	-	106,532,899	6,463,750	-	6,304,250	12,768,000	119,300,899
2045	106,495,560	-	106,495,560	6,460,500	-	6,302,250	12,762,750	119,258,310
2046	106,454,632	-	106,454,632	6,459,750	-	6,303,000	12,762,750	119,217,382
2047	106,418,886	-	106,418,886	6,460,750	-	6,300,750	12,761,500	119,180,386
2048	106,362,393	-	106,362,393	6,462,750	-	6,300,000	12,762,750	119,125,143
Totals	\$2,741,474,094	\$213,444,238	\$2,954,918,332	\$180,928,833	\$23,166,290	\$162,174,361	\$369,246,583	\$3,324,164,915

* Preliminary, subject to change. The 2021 Series A Bonds and 2021 Series B Bonds are expected to be issued by the Commission on or about the delivery date of the 2021 Short-Term Notes. See “SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION – Future Financings.”

⁽¹⁾ Interest on the Series 2008 Bonds is calculated based on the fixed interest rates payable by the Commission to the swap counterparties pursuant to the Initial Swaps; the fixed interest rates payable under the Initial Swaps range from 3.41% to 3.8165%.

⁽²⁾ 2010 Series A Bonds projected debt service is net of Subsidy Payments. See “RISK FACTORS – Loss of Subsidy Payments.”

⁽³⁾ Excludes debt service associated with the Bonds expected to be refunded with proceeds of the 2021 Series A Bonds and the 2021 Series B Bonds.

⁽⁴⁾ Includes \$100 million of commercial paper that is assumed to amortize for level debt service at an interest rate of 5% through Fiscal Year 2048.

⁽⁵⁾ Excludes principal on the 2021 Short-Term Notes, which is expected to be repaid from a single draw on the Commission’s 2021 TIFIA Loan (See “– Junior Subordinate TIFIA Loan”).

⁽⁶⁾ Includes estimated portion of interest on 2021 Short-Term Notes that is not capitalized, such amount is preliminary, and subject to change.

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

General

The Commission was organized pursuant to the Act and is responsible for providing improvements to the transportation system and other public infrastructure systems in the County funded with the Sales Tax. To carry out this responsibility, the Commission adopted in 1987 the initial San Diego County Transportation Improvement Program Ordinance (Commission Ordinance 87-1 – Proposition A, 1987) (referred to herein as the “1987 Ordinance”). In 2004, the Commission adopted the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (Commission Ordinance 04-01), referred to herein as the “2004 Sales Tax Extension Ordinance,” which provides for an extension of the retail transactions and use tax implemented by the initial 1987 Ordinance for a 40-year period commencing on April 1, 2008. See “– The Expenditure Plan” below. The Commission Board is composed of the SANDAG Board of Directors. However, the liabilities of SANDAG are not liabilities of the Commission. SANDAG employees carry out the work of the Commission. The Commission has no employees.

On January 1, 2003, Senate Bill 1703 took effect, changing the structure of SANDAG from a Joint Powers Authority to a State-created regional government agency. The effect of this legislation was to make SANDAG a permanent rather than voluntary association of local governments and to increase SANDAG’s responsibilities and powers. The SANDAG Board of Directors consists of voting representatives from the County and 18 incorporated cities within the County. Supplementing these voting members are advisory representatives from Imperial County, the U.S. Department of Defense, Caltrans, San Diego Unified Port District, MTS, NCTD, San Diego County Water Authority, Southern California Tribal Chairmen’s Association, and Mexico. Policy Advisory Committees assist the SANDAG Board of Directors in carrying out the agency’s work program. The SANDAG Board of Directors is also assisted by a professional staff of approximately 250 planners, engineers, research specialists, and supporting staff. Senate Bill 1703 also required the consolidation of the planning, programming, project development, and construction functions of MTS and NCTD into SANDAG. SANDAG is responsible for transit planning, project implementation, and construction of regional transit projects in the County. Neither the Commission nor SANDAG operates transit services. Transit operations in the County are the responsibility of MTS and NCTD.

On October 9, 2015, the SANDAG Board of Directors adopted the 2050 Regional Transportation Plan (“2050 RTP”), which describes a plan for investing local, State and federal transportation funds expected to come into the region over the next 40 years. Per California Assembly Bill 1730 (Gonzales-Fletcher, 2019) the 2050 RTP, as well as its sustainable communities strategy and environmental impact, will remain in effect for all purposes under State law until SANDAG adopts its next update to its regional transportation plan on or before December 31, 2021. While work progresses on the regional transportation plan update, SANDAG prepared a 2019 Federal Regional Transportation Plan (2019 Federal RTP) that complies with federal requirements for the development of regional transportation plans, retains air quality conformity approval from the U.S. Department of Transportation, and preserves funding for the region’s transportation investments. The SANDAG Board of Directors anticipates considering an update to the 2050 RTP in late 2021.

Reducing greenhouse gas emissions is a major goal for the State of California, and the nation. Rising emissions, chiefly carbon dioxide from the burning of fossil fuels, are increasing average temperatures around the globe. And those emissions are leading to numerous changes, including rising sea levels and shifting weather patterns. In the southwestern United States, climate scientists project that the effects of climate change include increasingly higher temperatures and more intense and frequent droughts, among other consequences.

Sustainable Communities Strategy

Reducing greenhouse gas emissions is a major goal for the State of California, and the nation. Rising emissions, chiefly carbon dioxide from the burning of fossil fuels, are increasing average temperatures around the globe. And those emissions are leading to numerous changes, including rising sea levels and shifting weather patterns. In the southwestern United States, climate scientists project that the effects of climate change include increasingly higher temperatures and more intense and frequent droughts, among other consequences.

Along with the 2050 RTP, the Board adopted the Sustainable Communities Strategy (“SCS”). SANDAG’s target in the 2050 RTP is to reduce the region’s per capita emissions of greenhouse gases from cars and light trucks by 13 percent per capita by 2035. Five strategies are being employed consistent with the SCS in the region to foster sustainability.

- A land use pattern that accommodates the region’s future employment and housing needs, and protects sensitive habitats, cultural resources, and resource areas.
- A transportation network of public transit, Managed Lanes and highways, local streets, bikeways, and walkways built and maintained with reasonably expected funding.
- Managing demands on our transportation system (also known as Transportation Demand Management, or TDM) in ways that reduce or eliminate traffic congestion during peak periods of demand.
- Managing the transportation system (also known as Transportation System Management, or TSM) through measures that maximize the overall efficiency of the transportation network.
- Innovative pricing policies and other measures designed to reduce the number of miles people travel in their vehicles, as well as traffic congestion during peak periods of demand.

The Expenditure Plan

The 1987 Ordinance and the 2004 Sales Tax Extension Ordinance each outline a series of projects (together, the “Expenditure Plan”) to be completed during the term of the Sales Tax. The Expenditure Plan may be found at:

https://www.sandag.org/uploads/publicationid/publicationid_1283_6596.pdf.

The Expenditure Plan is not incorporated herein by reference. The Ordinance specifies that Sales Tax Revenues are to be applied according to the following diagram.

[Remainder of page intentionally left blank.]

[insert TransNet Flow of Funds chart]

To implement the Expenditure Plan, the Commission annually prepares finance plan updates (each, a “*TransNet* Plan of Finance”) that describe major program revenue, cost and project budget and schedule assumptions. Each *TransNet* Plan of Finance sets forth projected cash flow and borrowing requirements during the term of the program covered by such plan.

The *TransNet* Early Action Program (depicted in the map entitled “*TransNet* Early Action Program at the front of this Official Statement) includes various highway and transit improvements in the Interstates 5, 15, 805 corridors; State Route 52 and 76 corridors; implementation of the Mid-Coast Light Rail Project; trolley vehicle and station upgrades along the Blue and Orange Lines; and double tracking improvements in the coastal rail corridor to be financed by the proceeds of Bonds, Sales Tax Revenues, and eligible federal, state, and local revenues.

In response to changing conditions, the *TransNet* Plan of Finance is updated on an annual basis. The update includes the latest project cost estimates, actual revenues received, and estimated revenue projections. The update allows the Commission to assess the strength of the program and appropriate changes to the implementation of the Project. In response to economic conditions during which costs have decreased while sales tax collections have increased, the Board has accelerated projects to take advantage of a construction bid environment offering bids significantly below engineering estimates. During periods when costs were rising faster than revenues, the Commission has deferred the implementation of certain projects to allow the *TransNet* Plan of Finance to remain focused on the highest priority projects.

The SANDAG Board of Directors was presented with a *TransNet* Program Update at its February 22, 2019 meeting, continuing the implementation of major transportation projects in the region.

As a guiding principle, the Commission’s primary borrowing is focused on capital programs: (1) Major Corridor Capital Projects; (2) Major Corridor Environmental Mitigation Program (“EMP”); and (3) Local Project EMP. The remaining Sales Tax Revenues are allocated to current expenses for the remaining programs. From time to time, at the request of member agencies (local jurisdictions), the Commission may borrow for local street and road capital improvements, with the debt service for these improvements paid from each respective agency’s share of Local Street & Road Formula Funds.

Future Financings

The Commission manages the implementation of its capital program based on project readiness and the availability of federal and State funds, and may advance or slow down the delivery of projects in response to current conditions. The Commission has no current plan to issue additional Senior Bonds or Subordinate Obligations within the next three years. No assurance can be given regarding the amount of additional Bonds and Subordinate Obligations that may be issued by the Commission in the future, subject to the limitations of the Indenture and the Subordinate Indenture, respectively. In March 2021, the Commission expects to issue \$168,925,000* of additional Senior Bonds and \$86,535,000* of Subordinate Bonds, with a portion of the proceeds of such issues expected to be applied to refund a portion of the Series 2014 Series A Bonds.

The Commission is also authorized to issue up to \$100,000,000 in the aggregate principal amount of Subordinate Commercial Paper Notes. See “OUTSTANDING OBLIGATIONS – Subordinate Commercial Paper Notes and CP Letter of Credit.” Commission staff plans to recommend that the Commission increase the authorization of Subordinate Commercial Paper Notes to a maximum of \$200,000,000.

* Preliminary, subject to change.

Executive Staff

The SANDAG staff serves as staff to the Commission. Key staff members, the position held by each and a brief statement of the background of each staff member are set forth below.

Hasan Ikhmeta, *Executive Director*. Hasan Ikhmeta is the Executive Director of SANDAG appointed to such position in December 2018. Mr. Ikhmeta has more than 30 years of experience in the arena of Transportation Planning in the Southern California Region, in both the public and private sector. As Executive Director of SANDAG, Mr. Ikhmeta directs day-to-day operations of the agency and implements policies set by its governing board. In addition, he is the Executive Officer of the SANDAG Service Bureau, the nonprofit public benefit corporation chartered by SANDAG. Mr. Ikhmeta holds a Bachelor's and a Master's Degree in Civil and Industrial Engineering from Zaporozhye University in the former Soviet Union, a Master's Degree in Civil Engineering from UCLA, and a PhD Candidacy in Urban Planning and Transportation from the University of Southern California in Los Angeles. Mr. Ikhmeta is an adjunct professor in the business school at California State University, Northridge. Prior to joining SANDAG in 2018, Mr. Ikhmeta worked for the Southern California Association of Governments (SCAG), Los Angeles County Metropolitan Transportation Authority (MTA) and South Coast Air Quality Management District (SCAQMD).

John F. Kirk, *General Counsel*. Mr. Kirk was appointed General Counsel for SANDAG and the Commission in January 2012. Mr. Kirk was originally hired by SANDAG as Deputy General Counsel in June 2006. Between 1990 and 2006 Mr. Kirk served the City of San Diego as a Deputy City Attorney. Mr. Kirk holds a Bachelors' degree from Wabash College and a Juris Doctorate from Pepperdine University's School of Law.

André Douzjian, *Director of Finance*. Mr. Douzjian serves as SANDAG's Director of Finance and directs all financial and budgeting functions for SANDAG and the Commission. Mr. Douzjian returned to SANDAG in June of 2012. During the previous 12 years, Mr. Douzjian worked in the capacity of Chief Financial Officer for two privately-held staffing companies, where he was a co-founder and shareholder of those businesses. Prior to that, Mr. Douzjian was the Financial Services Manager at SANDAG, a position that he held for almost ten years, from 1991 to 2000. Prior to his employment at SANDAG, Mr. Douzjian was a Senior Accountant for KPMG, LLP, a certified accounting firm. Mr. Douzjian received a Bachelor of Business Administration (B.A.) degree in Accounting in 1988 from the University of San Diego and a Master's degree in Business Administration (M.B.A.) with an emphasis in Finance in 1996 from San Diego State University and is a Certified Public Accountant. Mr. Douzjian is a member of the Government Finance Officers Association.

Ray Traynor, *Chief Strategy and Innovation Officer*. Mr. Traynor's responsibilities include regional planning, transportation modeling, mobility management and innovation. Prior to joining SANDAG in 2012, Ray served as Vice President General Manager of Axiom xCell, a software development company, where he managed all aspects of the business. Prior to joining Axiom xCell, Mr. Traynor served as SANDAG's Manager of Mobility which included overseeing the agency's toll operations; demand management and intelligent transportation systems programs. Prior to his experience at SANDAG, Ray was a Product Manager at Novatel Wireless (now Inseego Corp.), a global provider of solutions for the Internet of Things and fleet telematics markets; in this role Ray managed the development of wireless data modems. Earlier in his career, Ray worked at Caltrans where he served as Project Manager and was responsible for the delivery of the region's Border Capital Program, which included leading the development of State Route 7 and State Route 905. Mr. Traynor holds a Master's degree in Business Administration from San Diego State University, and a Bachelor's degree in Landscape Architecture from Cal Poly San Luis Obispo.

Jim Linthicum, *Chief Capital Programs and Regional Services Officer*. Mr. Linthicum is responsible for the implementation of SANDAG's \$9 billion capital improvement program and the management of regional services such as toll operations on I-15 and SR-125, regional transportation demand management services such as carpool/vanpool programs and freeway service patrol, and the region's Automated Regional Justice Information System (ARGIS). Mr. Linthicum has over 40 years' experience delivering transportation programs and projects. Prior to joining SANDAG, Mr. Linthicum was employed by the San Diego Metropolitan Transit System and the California Department of Transportation for 24 years. Mr. Linthicum holds a B.S. degree in Civil Engineering from the Pennsylvania State University and successfully completed the Engineering and Management program at the University of California Los Angeles.

Ray Major, *Chief Data Analytics Officer and Chief Economist*. Mr. Major originally joined SANDAG in 1987 as a Research Analyst and economist responsible for SANDAG's econometric and economic impact models, custom analytic research projects, and for developing the San Diego region's comprehensive Economic Prosperity Strategy. He left SANDAG in 1994 and joined the Nielsen companies where he served as a senior executive holding numerous positions including Chief Marketing Officer, Chief Customer Officer, and product strategist. Mr. Major oversaw the product development of Claritas, a major provider of demographic and segmentation data. As General Manager of Integras, he ran the division of Claritas specializing in Business Intelligence (BI) and predictive analytics, geo-spatial and economic modeling services. In 2010, Mr. Major moved to Halo BI, a state-of-the-art business intelligence and predictive modeling software and service provider where he served as CMO, COO, and CEO. Mr. Major rejoined SANDAG in 2015 where he now serves as the Chief Economist. Mr. Major holds both graduate and undergraduate degrees in economics from San Diego State University, with an emphasis in developmental economics, and econometrics.

José Nuncio, *TransNet Director*. Mr. Nuncio manages and directs the operations of the SANDAG TransNet Department and is responsible for the programming of federal, state, local and TransNet funds, revenue forecasts for the agency's long-range transportation plans, internal and external accountability and communication through the TransNet Dashboard and staffing for the Independent Taxpayer Oversight Committee. Mr. Nuncio joined SANDAG in April 2002 after spending more than 10 years with the California Department of Transportation at its San Diego District Office where he gained experience in the areas of programming, project management and development, and international border affairs. Mr. Nuncio received a Bachelor of Science (B.S.) in Aerospace Engineering from the University of Michigan in 1989 and a Master of Science (M.S.) in Structural Engineering in 1991 from the University of California at San Diego. Mr. Nuncio has been a Registered Civil Engineer in the State of California since 1995.

THE SALES TAX

Authorization, Application and Collection of the Sales Tax

The Commission is authorized by the Act to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County in accordance with California's Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 et seq.), upon authorization by a majority of the electors voting on the issue. On November 3, 1987, the voters approved the 1987 Ordinance which imposed the Sales Tax in the County for a twenty-year period. On November 2, 2004, more than two-thirds of the voters approved the Sales Tax Extension Ordinance which, among other things, extended the collection of the tax to March 31, 2048. The Ordinance imposes the Sales Tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and upon the storage, use or other consumption in the County of such property purchased from any retailer for storage use or other consumption in the County, subject to certain limited exceptions described below.

Collection of the Sales Tax is administered by the CDTFA, as successor to the BOE for this purpose. The CDTFA, after deducting a fee for administering the Sales Tax, remits the remaining Sales Tax Revenues to the Trustee which are then applied to satisfy the Commission's obligations with respect to the Bonds and Parity Obligations. The remaining Sales Tax Revenues are then remitted to the Trustee for the Commission's Subordinate Obligations, including the 2018 Short-Term Notes and the Subordinate Commercial Paper Notes. After payment of debt service requirements on the Subordinate Obligations, any remaining unapplied Sales Tax Revenues are then remitted to the Trustee for payment of certain fees and expenses and the Junior Subordinate TIFIA Loan and thereafter to the Commission. The fee charged by the CDTFA is determined by the CDTFA pursuant to statute. The fee charged by the CDTFA to the Commission for collection of the Sales Tax for Fiscal Year 2019-20 was \$3,119,030. The fee that the CDTFA is authorized to charge for collection of the Sales Tax is determined by State legislation and may be increased or decreased by legislative action. There can be no assurances that the amount of this fee or the method for determining the amount of the fee will remain the same. The CDTFA collects and subsequently distributes sales and use tax revenues to sales taxing jurisdictions such as the Commission. The CDTFA disburses sales taxes three times a quarter. For a given quarter the first two monthly payments correspond to an estimated advance plus the current distributions processed during the month. The third monthly payment then trues-up the total quarterly allocation against payments disbursed in the prior two months, net of administrative fees. The methodology for calculating the estimated advances has been recently improved to more closely track actual tax receipts and to accelerate the allocations to sales taxing jurisdictions such as the Commission. The methodology includes 2 steps. First, the CDTFA calculates the share of a jurisdiction's total allocation for in the same quarter of the prior year. Second, this share is applied to the total prepayment collected in the current month.

The Sales Tax is imposed in addition to a 7.25 percent sales and use tax levied statewide by the State and local sales tax measures enacted by cities, as described below under “– Other Sales Taxes Imposed in the County.” In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State, subject to certain exceptions.

Many categories of transactions are exempt from the Statewide sales and use tax and from the Sales Tax. The most important are: sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt from the statewide sales and use tax and from the Sales Tax. Action by the State legislature or by voter initiative could change the transactions and items upon which the Statewide sales and use tax and the Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues. See also “RISK FACTORS – Proposition 218.”

Historical Sales Tax Revenues

Annual Sales Tax Revenues. The Commission began receiving distributions of the Sales Tax from the BOE in June 1988. The CDTFA now handles most of the taxes and fees previously collected by the BOE. The following table shows the Sales Tax remitted to the Commission during the Fiscal Years ended June 30, 1990 through June 30, 2020.

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
HISTORICAL SALES TAX REVENUES**

<u>Fiscal Year Ended June 30</u>	<u>Sales Tax Revenues⁽¹⁾</u>	<u>% Change From Prior Fiscal Year</u>
1990	\$113,758,624	--
1991	109,806,529	(3.5)%
1992	106,105,958	(3.4)
1993	111,783,116	5.4
1994	111,461,846	(0.3) ⁽²⁾
1995	114,303,387	2.5
1996	123,511,934	8.1
1997	131,592,528	6.5
1998	145,754,155	10.8
1999	156,909,677	7.7
2000	172,274,619	9.8
2001	189,795,888	10.2
2002	192,836,199	1.6
2003	200,600,386	4.0
2004	213,230,634	6.3
2005	228,562,785	7.2
2006	243,317,789	6.5
2007	247,924,304	1.9
2008	244,406,219	(1.4)
2009	221,991,360	(9.2)
2010	204,191,747	(8.0)
2011	221,304,014	8.4
2012	236,947,113	7.1
2013	247,221,162	4.3
2014	260,114,931	5.2
2015	268,840,549	3.4
2016	275,500,023	2.5
2017	284,456,260	3.3
2018	294,501,324	3.5
2019	312,303,669	6.0 ⁽³⁾
2020	305,851,214	(2.1)

⁽¹⁾ Cash basis, net of BOE/CDTFA administrative fee.

⁽²⁾ Reflects, in part, effect of increase in BOE administration fee in 1994.

⁽³⁾ In May 2018, CDTFA implemented a new automated system for processing, reporting, and distributing sales tax revenues to agencies throughout the State. As a result, several thousand tax returns were not processed in a timely manner. Approximately \$7 million of Fiscal Year 2018 revenue was recorded in Fiscal Year 2019. Assuming the \$7 million figure was properly accounted for in Fiscal Year 2018, annual sales tax revenues would have been \$301.5 million for Fiscal Year 2018 and \$305.3 million in Fiscal Year 2019.

Source: San Diego County Regional Transportation Commission.

Sales Tax Revenues for the Fiscal Year ended June 30, 2020 are approximately 2.8* times Maximum Annual Debt Service on the Outstanding Senior Bonds and approximately 2.4* times Maximum Annual Debt Service on the combined Senior and Subordinate Obligations, based on the debt service and assumptions shown in the table “PROJECTED DEBT SERVICE SCHEDULE.”

On April 3, 2020, the CDTFA announced a program that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments. The first payment was due on July 31, 2020. See “RISK FACTORS – COVID-19 Pandemic.”

Monthly Sales Tax Revenues. The following table presents Sales Tax Revenues remitted each month by CDTFA for the account of the Commission in the Fiscal Years ended June 30, 2019 and 2020 and ending June 30, 2021. Through the first seven months of the Fiscal Year ending June 30, 2021, Sales Tax Revenues are up 2.55% as compared to the same time period in the prior Fiscal Year.

**MONTHLY SALES TAX DISBURSEMENTS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2020 AND ENDING JUNE 30, 2021**

Month	Fiscal Year Ended June 30, 2019⁽¹⁾⁽³⁾	Fiscal Year Ended June 30, 2020⁽¹⁾⁽²⁾	Year Over Year % Change (2020 v. 2019)	Fiscal Year Ended June 30, 2021⁽¹⁾⁽²⁾	Year Over Year % Change (2021 v. 2020)
July	\$ 24,659,716	\$ 29,354,890	19.0%	\$30,054,981	2.4%
August	22,950,125	23,334,037	1.7	23,241,853	0.4
September	24,709,504	26,713,941	8.1	28,184,070	5.5
October	31,809,475	30,751,885	(3.3)	33,250,387	8.1
November	27,896,830	25,441,663	(8.8)	21,727,813	(14.6)
December	27,056,790	25,442,731	(6.0)	27,118,087	6.6
January	26,345,902	25,559,448	(3.0)	27,774,372	8.7
February	27,031,941	37,094,485	37.2	-	-
March	26,003,652	22,984,289	(11.6)	-	-
April	26,170,697	22,498,364	(14.0)	-	-
May	22,874,423	15,411,299	(32.6)	-	-
June	24,794,614	21,264,183	(14.2)	-	-
Totals	\$312,303,669	\$305,851,214	(2.1%)	-	-

⁽¹⁾ Unaudited; cash basis; net of CDTFA administrative fee.

⁽²⁾ See “RISK FACTORS – COVID-19 Pandemic.”

⁽³⁾ In May 2018, CDTFA implemented a new automated system for processing, reporting, and distributing sales tax revenues to agencies throughout the State. As a result, several thousand tax returns were not processed in a timely manner. Approximately \$7 million of Fiscal Year 2018 revenue was recorded in Fiscal Year 2019, and so the growth forecast going forward will be calculated on a base of \$305.3 million, as opposed to the \$312.3 million collected.

* Preliminary, subject to change based on estimated debt service for the 2021 Series A Bonds and 2021 Series B Bonds.

Recent Developments Regarding Sales Tax Collection

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 that 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 personal 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 the Governor on April 25, 2019, provides the implementation rules for the Wayfair Decision in California. The Commission is unable to predict the ultimate benefit that the Wayfair Decision may have on Sales Tax Revenues. Among the Commission’s top Sales Tax generators, however, are companies that conduct sales only through the internet.

Other Sales Taxes Imposed in the County

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25 percent sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. See “RISK FACTORS – Other Sales Taxes.”

In addition to the statewide sales and use tax and the Sales Tax, the following sales and use taxes are imposed in certain cities within the County. No portion of the statewide sales and use tax or the following taxes imposed in certain cities within the County are pledged to the repayment of the 2021 Short-Term Notes.

<u>Sales and Use Tax</u>	<u>Tax Rate</u>	<u>Effective Date</u>	<u>Termination Date</u>
City of Chula Vista	0.50%	04/01/17	03/31/26
City of Chula Vista	0.50	10/01/18	Upon Repeal
City of Del Mar	1.00	04/01/17	Ongoing
City of El Cajon Service Preservation Transactions and Use Tax	0.50	04/01/17	03/31/29
City of La Mesa Transactions and Use Tax	0.75	04/01/09	03/31/29
City of National City Transactions and Use Tax	1.00	10/01/06	09/30/16
City of Oceanside	0.50	04/01/19	03/31/26
City of Vista Transactions and Use Tax	0.50	04/01/07	03/31/37

Source: *California City and County Sales and Use Tax Rates* (October 1, 2020), CDTFA.

For information concerning historical taxable sales in the County, see the table entitled “County of San Diego, Taxable Sales Transactions” in APPENDIX A – “INFORMATION REGARDING THE COUNTY OF SAN DIEGO.”

COMMISSION INVESTMENT PORTFOLIO

Funds of the Commission are invested pursuant to an investment policy adopted by the Commission Board, which permits the Commission to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies. The securities in which the Commission currently is authorized to invest include United States treasury notes, bonds and bills, bonds, notes, bills, warrants and obligations issued by certain agencies of the United States, bankers acceptances, commercial paper of prime quality, certificates of deposit, medium term corporate notes, shares of beneficial interest issued by a California joint powers authority, the State’s local agency investment fund, the San Diego County local agency investment fund, collateralized repurchase agreements, and other securities authorized under State law as appropriate for public fund investments and not specifically prohibited by the investment policy. The investment policy (which is subject to change in the future) does not allow investment in reverse repurchase agreements, mortgage interest strips, inverse floaters or securities lending or any investment that fails to meet the credit or portfolio limits of the investment policy at the time of investment.

Funds held by the Trustee under the Indenture are invested in Investment Securities (as defined in APPENDIX C-1) by the Trustee in accordance with instructions from the Commission. The instructions from the Commission currently restrict those investments to investments permitted by the investment policy adopted by the Commission Board described above (except that the Trustee is permitted to invest a greater percentage of funds in specific securities than the investment policy would otherwise permit).

The value of the various investments in the portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Further, such values may vary based on credit quality, ratings, or other factors. Therefore, there can be no assurance that the values of the various investments in the portfolio will not vary significantly from the values described below. Further, the values specified in the following tables were based upon estimates of market values provided to the Commission by a third party as of June 30, 2020. Accordingly, there can be no assurance that if these securities had been sold on June 30, 2020, the portfolio would have received the values specified. In addition, under certain provisions of the Indenture, funds and accounts held under the Indenture must be invested in certain specified Investment Securities that include investment agreements and other investments not described above.

INVESTMENT PORTFOLIO INFORMATION
As of June 30, 2020

Investments	Par Value	Market Value
Cash and Cash Equivalents	N/A	\$ 661,703,991.24
United States Agencies	\$190,551,000.00	195,478,001.48
Corporate Medium Term Notes	68,280,000.00	71,531,263.60
Supra-National Agency Bond/Note	24,675,000.00	24,879,834.40
Certificates of Deposit	6,405,000.00	6,431,653.76
Asset-Backed Securities	5,705,243.59	5,786,654.37
Certificates of Participation	<u>23,050,000.00</u>	<u>23,050,000.00</u>
TOTAL	<u>\$318,666,243.59</u>	<u>\$988,861,398.85</u>

Source: The Commission.

RISK FACTORS

Availability of Funds to Pay the 2021 Short-Term Notes

The Subordinate Indenture provides that unless the 2021 Short-Term Notes have been previously paid or defeased pursuant to the provisions of the Subordinate Indenture, the Commission agrees to use its best efforts, on or before October 1, 2022, to draw on the TIFIA Loan Agreement or, to the extent sufficient funds are not available or eligible thereunder, to issue Senior Lien Bonds, or Notes or other Parity Debt under the Senior Indenture or the Subordinate Indenture, as applicable, or to otherwise obtain financing to provide funds sufficient to pay the principal of the 2021 Short-Term Notes on October 1, 2022. No assurance can be given that the Commission will satisfy all conditions to disbursement under the TIFIA Loan Agreement, or that the TIFIA Lender will honor a properly presented disbursement request under the TIFIA Loan Agreement. In addition, if the Commission is unable to obtain proceeds of the Junior Subordinate TIFIA Loan, no assurances can be given that capital markets access will be available for the Commission to issue Senior Bonds under the Senior Indenture, or Notes or other Parity Debt under the Subordinate Indenture, to repay the principal of the 2021 Short-Term Notes on October 1, 2022.

U.S. Economic Recession; Economy of the County and the State

The 2021 Short-Term Notes are secured by a subordinate pledge of Revenues, including Sales Tax Revenues, which consist of the 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.

On June 8, 2020, the National Bureau of Economic Research (“NBER”) declared that a recession in the United States commenced in February 2020. Reportedly, this was the fastest that NBER has declared any recession since the group began formal announcements in 1979. In announcing the recession, NBER said “[t]he unprecedented magnitude of the decline in employment and production, and its broad reach across the entire economy, warrants the designation of this episode as a recession . . .”

According to the Commission’s economic staff, the COVID-19 related recession resulted in a sharp increase in unemployment in the County that is estimated to have peaked at 15.2% in early May

2020 and is currently hovering around 8%. Job losses have been concentrated in high contact sectors such as tourism, retail and education, which are estimated to account for 80% of the job losses in the region. Traditional sectors like professional services, construction, finance, have fared much better than in past recessions, while military has proven an essential buffer to the unemployment numbers in the County.

The Commission is unable to predict the duration or severity of the current economic recession. The recession may have a material adverse effect on the Commission's collection of Sales Tax Revenues, which may adversely affect the ability of the Commission to pay principal of and interest on the 2021 Short-Term Notes. For information relating to economic conditions within the County and the State, see APPENDIX A – "INFORMATION REGARDING THE COUNTY OF SAN DIEGO."

COVID-19 Pandemic

The Pandemic is currently affecting many parts of the world, including the United States and California. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, and then President Trump declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

At the onset of the pandemic in March 2020, the County of San Diego announced stay-at-home emergency orders, which directed individuals to stay home, except for limited travel for the conduct of essential services. Most retail establishments (including restaurants, bars and nightclubs, entertainment venues and gyms) were closed and large gatherings were banned in response to the order. The Governor of the State announced a similar emergency order effective for the entire State. Since the initial orders, the State and the County of San Diego have allowed limited reopening of retail establishments, at times under limitations such as only providing outdoor or curbside service, based on local performance against public health indicators. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread closings of businesses, universities and schools throughout the United States. On June 8, 2020, the National Bureau of Economic Research announced that the U.S. officially entered into a recession in February 2020. As of early December 2020, due to a sharp increase in COVID-19 cases and ICU hospitalizations, the State of California issued a new Regional Stay Home Order, which affected numerous counties in California including the County of San Diego. The Regional Stay Home Order has since been lifted.

As of February 1, 2021, there have been over 217,000 confirmed cases of COVID-19 in the San Diego County, and officials expect the number of confirmed cases to continue to grow. Although the administration of several highly effective vaccines has begun across the United States, including California, the Commission cannot predict the speed with which vaccinations can occur, as well as any public health and associated economic impacts of subsequent variants and strains of COVID-19.

On March 4, 2020, the Governor of California (the "Governor") proclaimed a state of emergency in California as a result of the threat of COVID-19. Under the California Emergency Services Act, during a state of emergency, the Governor has authority over all agencies of the state government and can exercise the State's police powers. His powers also include the power to promulgate, issue, and enforce orders and regulations as he deems necessary.

Since declaring the emergency, the Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include his March 19, 2020 Executive Order N-33-20, which orders all individuals living in the State to stay home or at their place of residence except as needed

to maintain continuity of operations of certain critical infrastructure sectors, as described in that order and later designations. In addition to the actions by the state and federal officials, certain local officials have declared a local state of emergency and have issued “shelter-in-place” orders. Many of these federal, state and local actions are focused on “social distancing,” or limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and impacts enterprise operations and the economy.

The Governor issued Executive Orders N-29-20 and N-35-20 relaxing state and local agency open meeting laws to accommodate social distancing. The Commission expects to hold meetings of its Board of Directors unhindered by the Pandemic. As permitted under Executive Order N-33-20, certain of the Commission’s employees may continue to come to work under designated exceptions for critical sectors and some of the Commission’s employees are teleworking.

The Pandemic has negatively affected travel, commerce, investment values, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County. While federal and state governments (including California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the Commission offers no assurances that these interventions will have the intended effects.

These negative economic impacts may reduce or otherwise negatively affect Sales Tax Revenues. The consequences of the Pandemic are expected to continue to reduce economic activity within the County that generates Sales Tax Revenues. The Commission cannot accurately predict the magnitude of this impact on Sales Tax Revenues, but the impacts could be material and adverse.

On March 12, 2020, the Governor issued Executive Order N-25-20, requiring CDTFA, which administers sales and use taxes in the State, to use its administrative powers where appropriate to provide extensions for filing, payment, audits, billing, notices, assessments, claims for refund, and relief from subsequent penalties and interest to individuals and businesses impacted by complying with a state or local public health official’s imposition or recommendation of social distancing measures related to COVID-19. On March 30, 2020, the Governor issued Executive Order N-40-20, which provided a three-month extension for tax returns and tax payments for all businesses filing a return for less than \$1,000,000 in taxes. Such extension remains effective through the reporting of taxes or fees due or the payment of taxes that are due on or before July 31, 2020. That order also extends the statute of limitations to file a claim for refund for taxes and fees administered by CDTFA and it extends the timeframe to file for appeal with CDTFA. On April 3, 2020, the Governor issued an Executive Order that allows all businesses with less than \$5 million in annual taxable sales the ability to defer payment on up to \$50,000 in sales and use tax liability without incurring any penalties or interest. Under the program, qualifying businesses can enter into payment plans to distribute up to \$50,000 of sales tax liability over a 12-month period, interest-free. For taxpayers choosing to defer their 1st quarter 2020 liability, for example, up to \$50,000 of the obligation would now be paid in twelve equal monthly installments. The first payment was not due until July 31, 2020.

The Commission continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the Commission. While the overall potential impact of the Pandemic on the Commission and Sales Tax Revenues cannot be quantified at this time, the adverse impact on Sales Tax Revenues could be material.

Legislative Changes

Action by the State legislature or by voter initiative could change the transactions and items upon which the Sales Tax is imposed. Such changes or amendments could have either an adverse or beneficial

impact on the Sales Tax Revenues. The State Legislature from time to time may adopt legislation that impacts the collection or the distribution of sales taxes or that otherwise may impact the operations or finances of the Commission. The Commission cannot predict whether any such legislation will negatively impact Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change, which would have a material adverse effect on Sales Tax Revenues.

Other Sales Taxes

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the 7.25% sales and use tax levied statewide by the State. The State Legislature or the voters of the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. In addition, the Sales Tax is imposed generally on the same transactions and items subject to sales and use taxes levied by certain cities within the County. See “THE SALES TAX – Other Sales Taxes Imposed in the County.”

Acceleration of Liquidity Facility Bonds

The amortization period applicable to the Liquidity Facility Bonds may be accelerated under certain circumstances. “Liquidity Facility Bonds” are Series 2008 Senior Lien Bonds tendered for purchase and not successfully remarketed, that are then purchased by a Liquidity Provider pursuant to the applicable 2008 Liquidity Facility. Such Liquidity Provider purchases may occur as a result of, among other things, adverse market conditions leading to failed remarketings or the Commission’s inability to obtain replacement credit or liquidity arrangements upon the expiration or termination of the existing 2008 Liquidity Facilities. See “OUTSTANDING OBLIGATIONS – Liquidity Facilities.” The Commission’s obligation to reimburse the Liquidity Providers on account of their purchase of any of the Series 2008 Bonds may, under specified circumstances, be paid over a period of five years or, if earlier, by no later than the last day of the purchase period, and may, under certain circumstances, become immediately due and payable on the one hundred eightieth (180th) day following the date on which any Series 2008 Senior Lien Bond became a Liquidity Facility Bond. Liquidity Facility Bonds are payable on a parity with the Senior Lien Bonds.

Variable Rate Bonds

The Series 2008 Bonds are variable rate bonds. The calculation of interest on the Series 2008 Bonds is set weekly. Potential fluctuations in interest rates could result in higher net interest rates on the Series 2008 Bonds. The Series 2008 Bonds are subject to tender provisions and remarketing by the remarketing agents for such Series 2008 Bonds. Upon a failure to remarket the Series 2008 Bonds, the Series 2008 Bonds will be purchased pursuant to the 2008 Liquidity Facilities, in which event the Series 2008 Bonds could bear interest at materially higher interest rates. Furthermore, in the event of early termination of the Initial Swaps, the Commission would no longer receive the variable rate payments from the counterparties thereunder and the Commission may be liable for substantial termination fees which, though subordinate to the 2021 Short-Term Notes, could have a material adverse effect on the Commission.

Loss of Subsidy Payments

The 2010 Series A Bonds were issued as “Build America Bonds.” The amount of any Subsidy Payments are subject to legislative changes by the United States Congress. On March 1, 2013, the federal government announced the implementation of certain automatic spending cuts known as “sequestration.” Future reductions in Subsidy Payments may occur due to the sequester, but the Commission is unable to

predict the amount or duration of such reductions. Further, Subsidy Payments will only be paid if the 2010 Series A Bonds continue to qualify as Build America Bonds. For the 2010 Series A Bonds to remain Build America Bonds, the Commission must comply with certain covenants with respect to the 2010 Series A Bonds, the use and investment of proceeds thereof and the use of property financed thereby. Thus, it is possible that the Commission may not receive the Subsidy Payments. Subsidy Payments are also subject to offset against amounts that may, for unrelated reasons, be owed by the Commission to any agency of the United States of America. The Commission does not believe that failure to receive all or a portion of the Subsidy Payments or any offset to the Subsidy Payments will materially and adversely impact the Commission's ability to pay interest on the 2010 Series A Bonds. The failure to receive all or any portion of the Subsidy Payment does not affect the Commission's obligation to pay debt service on the 2010 Series A Bonds.

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the 2021 Short-Term Notes could become includable in federal gross income, possibly from their date of issuance, including as a result of acts or omissions of the Commission subsequent to the issuance of the 2021 Short-Term Notes. Should interest become includable in federal gross income, the 2021 Short-Term Notes are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

Bankruptcy Considerations

The Commission may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should the Commission file for bankruptcy, there could be adverse effects on the holders of the 2021 Short-Term Notes.

If the Sales Tax Revenues are "special revenues" under the Bankruptcy Code, then Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture. "Special revenues" are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. The Sales Tax was levied to finance the projects described in the San Diego County Transportation Improvement Program *TransNet* Ordinance and Expenditure Plan (under this caption, the "Projects"), and some of these Projects are described in broad terms. In addition, the Projects are not owned by the Commission. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues. Were the Sales Tax Revenues determined not to be "special revenues," then Sales Tax Revenues collected after the commencement of a bankruptcy case would likely not be subject to the lien of the Indenture. The holders of the 2021 Short-Term Notes may not be able to assert a claim against any property of the Commission 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 2021 Short-Term Notes are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. The law is not clear as to whether, or to what extent, Sales Tax Revenues would be considered to be "derived" from the Projects. To the extent that Sales Tax Revenues are determined to be both special revenues and derived from the Projects, the Commission may be able to use Sales Tax Revenues to pay necessary operating expenses connected with the Projects, before the remaining Sales Tax Revenues are turned over to the Trustee to pay amounts owed to the holders of the 2021 Short-Term Notes. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Commission is in bankruptcy, the parties (including the holders of the 2021 Short-Term Notes) may be prohibited from taking any action to collect any amount from the Commission or to enforce any obligation of the Commission, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the 2021 Short-Term Notes from funds in the Trustee's possession. The procedure pursuant to which Sales Tax Revenues are paid directly by the CDTFA to the Trustee may no longer be enforceable, and the Commission may be able to require the CDTFA to pay Sales Tax Revenues directly to the Commission.

The Commission as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy court determines that the rights of the Trustee and the holders of the 2021 Short-Term Notes will be adequately protected. The Commission may also be able, without the consent and over the objection of the Trustee and the holders of the 2021 Short-Term Notes, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the 2021 Short-Term Notes, provided that the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the 2021 Short-Term Notes while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Commission that could result in delays or reductions in payments on the 2021 Short-Term Notes, or result in losses to the holders of the 2021 Short-Term Notes. Regardless of any specific adverse determinations in a Commission bankruptcy proceeding, the fact of a Commission bankruptcy proceeding could have an adverse effect on the liquidity and value of the 2021 Short-Term Notes.

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 XIII C and XIII D to the California Constitution. Article XIII C 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 Commission. In 2004, the Sales Tax Extension Ordinance received the approval of more than 2/3 of the voters as required by Article XIII C. However, Article XIII C 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 Commission, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the 2021 Short-Term Notes would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of this provision of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, which may affect the Commission's ability to levy and collect the Sales Tax.

Governance and Management – Changes in State Law

SANDAG was created in the 1970s as a Joint Powers Authority made up of various cities in the County of San Diego that desired to voluntarily carry out regional planning activities as a joint enterprise. SANDAG's governance structure was codified into State Law by State statute in 2002. The State Legislature can alter the governance and structure of SANDAG. On October 11, 2017, Governor Jerry Brown signed into law AB 805 which changed the voting mechanisms of the Board of Directors of SANDAG and provide additional audit requirements. The State Legislature can adopt further statutory changes that could materially impact the composition of the Board of Directors or composition of management, or impose new requirements or standards, any of which could cause material changes for SANDAG policy objectives or how it operates.

Cybersecurity

The Commission, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other electronic sensitive information, the Commission is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Commission's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

No assurances can be given that the security and operational control measures of the Commission will be successful in guarding against any and each cyber threat or breach. The cost of remedying damage or disruption caused by cyber-attacks could be substantial and in excess of any applicable insurance coverage.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Commission, threatened against the Commission concerning the validity of the 2021 Short-Term Notes. The Commission is not aware of any litigation pending or threatened against the Commission questioning the political existence of the Commission or contesting the Commission's ability to impose and collect the Sales Tax.

TAX MATTERS

Federal Tax Exemption

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Commission, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the Commission with certain covenants in the Subordinate Indenture, the Tax Certificate and other documents pertaining to the 2021 Short-Term Notes and requirements of the Internal Revenue Code of 1986 (the "Code") regarding the use, expenditure and investment of proceeds of the 2021 Short-Term Notes and the timely payment of certain investment earnings to the United States, interest on the 2021 Short-Term Notes is not included in the gross income of the owners of the 2021 Short-Term Notes for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the 2021 Short-Term Notes to be included in gross income retroactive to the date of issuance of the 2021 Short-Term Notes.

In the further opinion of Bond Counsel, interest on the 2021 Short-Term Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the 2021 Short-Term Notes should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Subordinate Indenture, the Tax Certificate or other documents pertaining to the 2021 Short-Term Notes may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the 2021 Short-Term Notes or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the interest on the 2021 Short-Term Notes for federal income tax purposes.

Bond Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of the Commission described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the 2021 Short-Term Notes is commenced, under current procedures the IRS is likely to treat the Commission as the "taxpayer," and the owners of the 2021 Short-Term Notes would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the 2021 Short-Term Notes, the Commission may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the 2021 Short-Term Notes could adversely affect the value and liquidity of the 2021 Short-Term Notes during the pendency of the examination, regardless of its ultimate outcome.

Tax Accounting Treatment of Bond Premium and Original Issue Discount

Bond Premium. To the extent a purchaser acquires a 2021 Short-Term Note at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Bond Counsel is not opining on the accounting for bond premium or the consequence to a 2021 Short-Term Note purchaser of purchasing a 2021 Short-Term Note with bond premium. Persons considering the purchase of 2021 Short-Term Notes with bond premium should consult with their own tax advisors with respect to the determination of bond premium on such 2021 Short-Term Notes for federal

income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2021 Short-Term Notes.

Original Issue Discount. The excess, if any, of the stated redemption price at maturity of 2021 Short-Term Notes of a particular maturity over the initial offering price to the public of the 2021 Short-Term Notes of that maturity at which a substantial amount of the 2021 Short-Term Notes of that maturity is sold to the public is “original issue discount.” Original issue discount accruing on a 2021 Short-Term Note is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such 2021 Short-Term Note. Original issue discount on a 2021 Short-Term Note or a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the 2021 Short-Term Notes of that maturity is sold to the public accrues on a semiannual basis over the term of the 2021 Short-Term Note on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a 2021 Short-Term Note accruing during each period is added to the adjusted basis of such 2021 Short-Term Note, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2021 Short-Term Note. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase 2021 Short-Term Notes other than at the initial offering price.

Bond Counsel is not opining on the accounting for or consequence to a 2021 Short-Term Note purchaser of bond premium or original issue discount. Accordingly, persons considering the purchase of 2021 Short-Term Notes with bond premium or original issue discount should consult with their own tax advisors with respect to the determination of bond premium or original issue discount on such 2021 Short-Term Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2021 Short-Term Notes.

Information Reporting and Backup Withholding

Interest paid on the 2021 Short-Term Notes will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the 2021 Short-Term Notes to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, interest on the 2021 Short-Term Notes is exempt from personal income taxes imposed by the State of California.

Future Developments

Existing law may change to reduce or eliminate the benefit to owners of the 2021 Short-Term Notes of the exclusion of the interest on the 2021 Short-Term Notes from gross income for federal

income tax purposes or of the exemption of interest on the 2021 Short-Term Notes from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2021 Short-Term Notes. Prospective purchasers of the 2021 Short-Term Notes should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the proposed form of opinion of Bond Counsel relating to the 2021 Short-Term Notes is included in APPENDIX F hereto.

LEGAL MATTERS

The validity of the 2021 Short-Term Notes and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Commission. A complete copy of the proposed form of opinion of Bond Counsel is attached as Appendix F 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 Commission by its General Counsel and by Norton Rose Fulbright US LLP, as Disclosure Counsel, and for the Underwriters by their counsel, Nixon Peabody LLP. Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters' Counsel is contingent on the successful issuance of the 2021 Short-Term Notes.

CONTINUING DISCLOSURE

The Commission has agreed to execute a continuing disclosure agreement (the "Continuing Disclosure Agreement"), which provides for disclosure obligations on the part of the Commission while the 2021 Short-Term Notes remain Outstanding. Under the Continuing Disclosure Agreement, the Commission will covenant for the benefit of owners of the 2021 Short-Term Notes to provide certain financial information and operating data relating to the Commission by not later than two hundred and ten (210) days after the end of the prior fiscal year, commencing with the fiscal year ending June 30, 2018 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notice Events") in a timely manner. The Annual Reports and the Notice Events will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. These covenants will be made to assist the Underwriters of the 2021 Short-Term Notes in complying with the Rule 15c2-12, as amended (the "Rule") adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

RATINGS

S&P Global Ratings and Fitch Ratings have assigned ratings on the 2021 Short-Term Notes of "SP-1+" and "AA/F1+," respectively. The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041 and Fitch Ratings, 33 Whitehall Street, New York, New York 10004. Such ratings are not recommendations to buy, sell or hold securities. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the 2021 Short-Term Notes.

UNDERWRITING

Purchase of the 2021 Short-Term Notes

The Commission has entered into a Note Purchase Agreement (the “Purchase Agreement”) with respect to the 2021 Short-Term Notes with Citigroup Global Markets Inc., on behalf of itself and as representative of the underwriters named therein and set forth on the cover page hereof (collectively, the “Underwriters”), pursuant to which the Underwriters will agree, subject to certain conditions, to purchase the 2021 Short-Term Notes for reoffering at a price of \$572,996,590.65, which represents the aggregate principal amount of the 2021 Short-Term Notes of \$537,480,000.00, plus an original issue premium of \$36,149,666.80, less an Underwriters’ discount of \$633,076.15.

Citigroup Global Markets Inc. is a dealer for the Subordinate Commercial Paper Notes and is an Underwriter of the 2021 Short-Term Notes. Goldman Sachs Mitsui Marine Derivative Products, L.P. is a swap counterparty for one of the Initial Swaps.

The Purchase Agreement provides that the Underwriters will purchase all of the 2021 Short-Term Notes if any are purchased. The 2021 Short-Term Notes may be offered and sold by the Underwriters to certain dealers and others at yields higher than the public offering yields indicated on the inside cover hereof, and such public offering yields may be changed from time to time by the Underwriters. The Underwriters agree to make a public offering of the 2021 Short-Term Notes. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the 2021 Short-Term Notes at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The following two paragraphs have been provided by and are being included in this Official Statement at the request of the Underwriters. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission. Certain of the Underwriters or their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such securities and instruments.

Retail Brokerage Arrangements

The following paragraph has been provided by and are being included in this Official Statement at the request of Citigroup Global Markets Inc. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

Citigroup Global Markets Inc., an underwriter of the 2021 Short-Term Notes, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

MUNICIPAL ADVISOR

The Commission has retained PFM Financial Advisors LLC, San Francisco, California, as municipal advisor (the “Municipal Advisor”) in connection with the 2021 Short-Term Notes. The Municipal Advisor is an independent registered municipal advisor. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Commission is included in the Commission’s Audited Financial Statements for the Fiscal Year Ended June 30, 2020, which are included as part of Appendix B to this Official Statement. The financial statements of the Commission included in Appendix B have been audited by Crowe LLP, Certified Public Accountants (the “Auditors”), as stated in their report appearing in Appendix B. The Auditors were not requested to consent to the inclusion of their report in Appendix B, nor have they undertaken to update their report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditors with respect to any event subsequent to the date of their report.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent, Robert Thomas CPA, LLC, will deliver to the Commission, on or before the date of delivery of the 2021 Short-Term Notes, its verification report indicating that the Verification Agent has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared on behalf of the Commission relating to the sufficiency of the Escrow Deposit and expected investment earnings thereon with respect to the Escrow Fund and relating to the yield on the 2021 Short-Term Notes for federal income tax purposes.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Commission and holders of any of the 2021 Short-Term Notes. All quotations from and summaries and explanations of the Subordinate Indenture, the Act and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

APPENDIX A
INFORMATION REGARDING THE COUNTY OF SAN DIEGO

APPENDIX B

**SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

[insert appendix C]

[insert appendix D]

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the subcaption “– General” below has been provided by DTC. The Commission makes no representations as to the accuracy or completeness of such information. Further, the Commission undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC’s websites as described under “– General,” including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites. The Beneficial Owners of the 2021 Short-Term Notes should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2021 SHORT-TERM NOTES UNDER THE SUBORDINATE INDENTURE; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2021 SHORT-TERM NOTES, IF APPLICABLE; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT TO THE OWNERS OF THE 2021 SHORT-TERM NOTES; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2021 SHORT-TERM NOTES; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2021 Short-Term Notes. The 2021 Short-Term Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2021 Short-Term Note certificate will be issued for each maturity of the 2021 Short-Term Notes and will be deposited with DTC.

DTC, the world’s largest securities 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 agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which

are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). S&P Global Ratings has rated DTC “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of the 2021 Short-Term Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Short-Term Notes on DTC’s records. The ownership interest of each actual purchaser of each 2021 Short-Term Note (“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 2021 Short-Term Notes 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 2021 Short-Term Notes, except in the event that use of the book-entry system for the 2021 Short-Term Notes is discontinued.

To facilitate subsequent transfers, all 2021 Short-Term Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2021 Short-Term Notes 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 2021 Short-Term Notes. DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2021 Short-Term Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2021 Short-Term Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021 Short-Term Notes, such as redemptions, tenders, defaults, and proposed amendments to the 2021 Short-Term Note documents. For example, Beneficial Owners of the 2021 Short-Term Notes may wish to ascertain that the nominee holding the 2021 Short-Term Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices, if any, shall be sent to DTC. If less than all of the 2021 Short-Term Notes are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2021 Short-Term Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission 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 2021 Short-Term Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2021 Short-Term Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the 2021 Short-Term Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

The Commission, the Trustee and the Underwriters cannot and do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the 2021 Short-Term Notes paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Commission, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2021 Short-Term Notes or for an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the 2021 Short-Term Notes at any time by giving reasonable notice to Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2021 Short-Term Note certificates are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2021 Short-Term Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Commission believes to be reliable, but the Commission takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF 2021 SHORT-TERM NOTES AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

APPENDIX F
PROPOSED FORM OF OPINION OF BOND COUNSEL