



AGENDA

Finance and Administration Committee Meeting

Committee Members

Michael Hennessey, Chairman
Steve Jones, Vice Chairman
Katrina Foley
Brian Goodell
Patrick Harper
Gene Hernandez
Joe Muller

Orange County Transportation Authority
Headquarters
Conference Room 07
550 South Main Street
Orange, California

Wednesday, September 8, 2021 at 10:30 a.m.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the Orange County Transportation Authority (OCTA) Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Guidance for Public Access to the Board of Directors/Committee Meeting

On March 12, 2020 and March 18, 2020, Governor Gavin Newsom enacted Executive Orders N-25-20 and N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public to promote social distancing due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19).

In accordance with Executive Order N-29-20, and in order to ensure the safety of the OCTA Board of Directors (Board) and staff and for the purposes of limiting the risk of COVID-19, in-person public participation at public meetings of the OCTA will not be allowed during the time period covered by the above-referenced Executive Orders.

Instead, members of the public can listen to AUDIO live streaming of the Board and Committee meetings by clicking the below link:

<http://www.octa.net/About-OCTA/Who-We-Are/Board-of-Directors/Live-and-Archived-Audio/>



**Guidance for Public Access to the Board of Directors/Committee Meeting
(Continued)**

Public comments may be submitted for the upcoming Board and Committee meetings by emailing them to ClerkOffice@octa.net.

If you wish to comment on a specific agenda Item, please identify the Item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

In order to ensure that staff has the ability to provide comments to the Board Members in a timely manner, please submit your public comments **90 minutes prior to the start time of the Board and Committee meeting date.**

Call to Order

Roll Call

Pledge of Allegiance

Director Jones

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Items 2 through 6)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

2. Approval of Minutes

Approval of the minutes of the Finance and Administration Committee meeting of August 11, 2021.



3. **Orange County Transportation Authority Investment and Debt Programs Report - July 2021**
Robert Davis/Andrew Oftelie

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending July 31, 2021.

Recommendation

Receive and file as an information item.

4. **Environmental Mitigation Program Endowment Fund Investment Report for June 30, 2021**
Robert Davis/Andrew Oftelie

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway programs. The California Community Foundation manages the non-wasting endowment required to fund the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and its performance.

Recommendation

Receive and file as an information item.

5. **Authorization for the Orange County Transportation Authority to Deposit and Invest Excess Funds with the Treasurer-Tax Collector of the County of Orange**
Robert Davis/Andrew Oftelie

Overview

Staff is requesting authorization to deposit and invest excess funds with the Treasurer-Tax Collector of the County of Orange.



5. (Continued)

Recommendation

Approve Resolution No. 2021-062 authorizing the Orange County Transportation Authority to deposit and invest excess funds with the Treasurer-Tax Collector of the County of Orange.

6. Excess Workers' Compensation Insurance Policy

Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority currently has an excess workers' compensation insurance policy with Arch Insurance Company. This policy will expire on October 1, 2021, and a renewal is necessary to maintain coverage.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A48430, in the amount of \$500,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of October 1, 2021 to October 1, 2022.

Regular Calendar

7. Bond Anticipation Notes (Interstate 405 Improvement Project), Series 2021 Financing Documents

Robert Davis/Andrew Oftelie

Overview

The Orange County Transportation Authority Board of Directors approved the issuance of Bond Anticipation Notes as a short-term interim financing to support the construction of the Interstate 405 Improvement Project, and the selection of an underwriting team. Final approval for the issuance of the Bond Anticipation Notes and the financing documents for the proposed transaction are presented for review and approval.



7. (Continued)

Recommendation

Adopt Resolution No. 2021-076, authorizing the issuance and sale of Bond Anticipation Notes (I-405 Improvement Project), Series 2021 in an aggregate principal amount not to exceed \$675 million, and the execution and delivery of related financing documents. The related financing documents include forms of the Master Indenture, First Supplemental Indenture, Standby Bond Purchase Agreement, Purchase Contract, Preliminary Official Statement, and the form of the Continuing Disclosure Certificate, and taking all other actions necessary in connection with the proposed transaction.

8. Bond Anticipation Notes (I-405 Improvement Project), Series 2021 Approval of Standby Bond Purchase Agreement

Robert Davis/Andrew Oftelie

Overview

To facilitate the issuance of Bond Anticipation Notes by the Orange County Transportation Authority, authorization is required by the Orange County Local Transportation Authority for the execution and delivery of a Standby Bond Purchase Agreement.

Recommendations

- A. Adopt Resolution No. 2021-077 authorizing the execution and delivery of a Standby Bond Purchase Agreement to facilitate the issuance of Bond Anticipation Notes by the Orange County Transportation Authority.
- B. Authorize staff to take all other actions necessary in connection with the execution and delivery of said Standby Bond Purchase Agreement.

Discussion Items

9. Chief Executive Officer's Report

10. Committee Members' Reports

11. Closed Session

There are no Closed Session items scheduled.



12. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 22, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.



MINUTES

Finance and Administration Committee Meeting

Committee Members Present:

Michael Hennessey, Chairman

Committee Members Present Via Teleconference:

Steve Jones, Vice Chairman

Katrina Foley

Brian Goodell

Patrick Harper

Gene Hernandez

Joe Muller

Staff Present

Darrell E. Johnson, Chief Executive Officer

Sahara Meisenheimer, Clerk of the Board Specialist

Gina Ramirez, Clerk of the Board Specialist, Senior

Via Teleconference:

James Donich, General Counsel

OCTA Staff Members

Committee Members Absent

None

Call to Order

The August 11, 2021, regular meeting of the Finance and Administration (F&A) Committee was called to order by Committee Chairman Hennessey at 10:31 a.m.

Roll Call

The Clerk of the Board Specialist conducted an attendance roll call and announced a quorum of the F&A Committee.

Pledge of Allegiance

Director Muller led in the Pledge of Allegiance.

1. Public Comments

There were no public comments received.

Special Calendar

2. Taxable Sales Forecast -California State University, Fullerton

Committee Chairman Hennessey provided opening comments and introduced Dr. Anil Puri, Provost Emeritus and Director of the Woods Center for Economic Analysis and Forecasting at California State University, Fullerton. Dr. Puri provided a PowerPoint presentation.



2. (Continued)

A lengthy discussion ensued regarding:

- Clarification on the terms “fiscal” and “monetary” in Slide Three of the PowerPoint presentation.
- Dr. Puri stated that businesses are still vulnerable and one should not assume that they have completely recovered. Everyone needs to be very watchful of the disease because it affects the economy and one can support local businesses by getting vaccinated and wearing masks.
- Overview of the four different forecasting mechanisms that the Orange County Transportation Authority (OCTA) receives, taking the four data points with end of the year sales tax actuals, and combining these to become OCTA’s new long range forecast.
- To get a revenue outlook of Measure M2, OCTA will: provide an annual update on cost pressures, ongoing project development efforts through the planning phase, an annual update on the Measure M2 Next 10 Delivery Plan, and a midcycle update on the 20-year comprehensive business plan.
- OCBX index stands for Orange County business expectations index.
- On Slide Four of the PowerPoint presentation, consumers have a pristine balance sheet and they have paid down debt. The fact that fellowships are better would encourage business individuals to spend more.

Consent Calendar (Items 3 through 5)

3. Approval of Minutes

A motion was made by Director Hernandez, seconded by Director Harper, and following a roll call vote, declared passed 6-0, to approve the minutes of the Finance and Administration Committee meeting of July 28, 2021.

Director Goodell was not present to vote on this item.

4. Fiscal Year 2020-21 Fourth Quarter Grant Reimbursement Status Report

A motion was made by Director Hernandez, seconded by Director Harper, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

Director Goodell was not present to vote on this item.



5. 91 Express Lanes Update for the Period Ending - June 30, 2021

A motion was made by Director Hernandez, seconded by Director Harper, and following a roll call vote, declared passed 6-0, to receive and file as an information item.

Director Goodell was not present to vote on this item.

Regular Calendar

6. Agreements for Health Insurance Services

Maggie McJilton, Executive Director of Human Resources and Organizational Development, provided a PowerPoint presentation.

Director Hernandez inquired about the bargaining unions being notified of increases and decreases of rates during negotiations and Ms. McJilton responded that the two bargaining unions that are within the insurance plans are notified.

A motion was made by Director Muller, seconded by Director Hernandez, and following a roll call vote, declared passed 7-0, to:

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-5-3649 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Kaiser Permanente Health Plan, Inc., on a cost per employee basis, for prepaid medical services through December 31, 2022. The annual 2022 Kaiser Permanente Health Plan, Inc. premium cost will vary in accordance with actual enrollment.

- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-5-3650 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Anthem Blue Cross, on a cost per employee basis, for prepaid medical services through December 31, 2022. The annual 2022 Anthem Blue Cross health maintenance organization premium costs will vary in accordance with actual enrollment.



6. (Continued)

- C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-5-3651 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Anthem Blue Cross, on a cost per employee basis, for preferred provider organization medical services through December 31, 2022. The annual 2022 Anthem Blue Cross preferred provider organization premium costs will vary in accordance with actual enrollment.

- D. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 to Agreement No. C-5-3652 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Anthem Blue Cross, on a cost per employee basis, for a consumer driven health plan through December 31, 2022. The annual 2022 Anthem Blue Cross consumer driven health plan premium costs and health savings account expenses will vary in accordance with actual enrollment.

- E. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-1-3670 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Delta Dental, on a cost per employee basis, for preferred provider organization dental services through December 31, 2022. The annual 2022 Delta Dental preferred provider organization premium costs will vary in accordance with actual enrollment.

- F. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 11 to Agreement No. C-1-2995 between the Orange County Transportation Authority and Delta Dental, on a cost per employee basis, for health maintenance organization dental services through December 31, 2022. The annual 2022 Delta Dental health maintenance organization premium costs will vary in accordance with actual enrollment.

- G. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-1-3672 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Delta Dental, on a cost per employee basis, for health maintenance organization dental services through December 31, 2022. The annual 2022 Delta Dental health maintenance organization premium costs will vary in accordance with actual enrollment.



6. (Continued)

- H. Authorize Chief Executive Officer to negotiate and execute Agreement No. C-1-3671 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Vision Service Plan, on a cost per employee basis, for vision services through December 31, 2022. The annual 2022 vision services premium costs will vary in accordance with actual enrollment.

- I. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 5 to Purchase Order No. C-7-1897 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for VOYA for life and accidental death and dismemberment insurance through December 31, 2022. The annual 2022 life and accidental death and dismemberment premium costs will vary in accordance with actual volume in the plan.

- J. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Purchase Order No. C-7-1898 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for VOYA to provide supplemental life insurance to employees at their own expense through December 31, 2022.

- K. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Purchase Order No. C-7-1899 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for VOYA for short-term and long-term disability insurance through December 31, 2022. The annual 2022 short-term and long-term disability premium costs will vary in accordance with actual volume in the plan.

- L. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Purchase Order No. C-7-1900 between Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for VOYA with Compsych to provide employee leave administration through December 31, 2022.



Discussion Items

7. **Transportation Infrastructure Finance and Innovation Act Loan Interest Rate Reset Update**

Sean Murdock, Director of Finance and Administration, provided an update on the closing of the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Interest Rate Reset. OCTA has done all it can do to close the TIFIA loan. The delay in closing continues to be an ongoing discussion between the Build America Bureau (BAB) and the Office of Management and Budget (OMB) on how the loan will be charged against the BAB's budget.

At last week's meeting between OCTA and the BAB, there was some encouraging news. The BAB indicated that they hope to have a resolution with the OMB within the next two weeks. If that occurs, OCTA could close the TIFIA interest rate reset loan as soon as mid-September and it would allow OCTA to move forward with the issuance of bond anticipation notes (BAN). If that does happen, staff will bring the final documents for the BAN's issuance to the next F&A Committee meeting.

Committee Chairman Hennessey inquired about locking the rate in advance and Mr. Murdock responded that it is based on the 30-year treasury rate on the date of close due to a statutory requirement.

Director Muller inquired on what the delay is with the OMB. Mr. Murdock explained that there's a technical calculation that has to occur and it has to do with whether or not, this will be a new loan or a refinancing statute for BAB. There is no process for a refinancing statute for BAB.

8. **Chief Executive Officer's Report**

Mr. Johnson, CEO, reported on the following:

- The Senate passed its bipartisan infrastructure bill and as passed, legislation would provide \$550 billion in infrastructure spending above existing levels, almost half of which will benefit transportation over the next five years. The bill now heads to the House of Representatives, which is not scheduled to resume floor votes until September 20th. Staff is closely monitoring the status of the bill and will continue to report any updates.
- This week's community outreach meetings include:
 - Tonight at 4:00 p.m., OCTA will host a Zoom meeting for the Anaheim Canyon Metrolink Station Project to discuss project improvements and upcoming activities.



8. (Continued)

- Tomorrow at 5:30 p.m., staff will host a Zoom meeting for the Interstate 5 South County Improvements Project from the California State Route 73 to El Toro Road. Staff will be discussing Stage 1 demolition of the Los Alisos Boulevard overcrossing and provide an overview of Segment 3 from Alicia Parkway to El Toro Road.

9. Committee Members' Reports

Director Foley inquired if OCTA has a list of all of the Orange County infrastructure projects that might benefit the infrastructure bill. Mr. Johnson, CEO, responded some of the funds will be distributed via formula to existing programs and others will go into highway formula programs. There is a needs list that was brought to the Board of Directors and used with OCTA's lobbying firm.

10. Closed Session

There were no Closed Session items scheduled.

11. Adjournment

The meeting adjourned at 11:24 a.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 8, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Michael Hennessey
Committee Chairman

Sahara Meisenheimer
Clerk of the Board Specialist



September 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Orange County Transportation Authority Investment and Debt Programs Report – July 2021

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending July 31, 2021.

Recommendation

Receive and file as an information item.

Discussion

As of July 31, 2021, the Orange County Transportation Authority's (OCTA) outstanding investments totaled \$2 billion. The portfolio is divided into three managed portfolios: the liquid portfolio for immediate cash needs, the short-term portfolio for future budgeted expenditures, and the bond proceeds portfolio to meet Measure M2 (M2) transportation program needs. In addition to these portfolios, OCTA has funds invested in debt service reserve funds for the 91 Express Lanes Program.

Portfolio Compliance and Liquidity Requirements for the Next Six Months: The portfolio is in full compliance with OCTA's Investment Policy and the State of California Government Code. Additionally, OCTA has reviewed the liquidity requirements for the next six months and anticipates that OCTA's liquidity will be sufficient to meet projected expenditures during the next six months.

The weighted average book yield for the OCTA portfolio is one percent. The book yield measures the exact income, or interest, on a bond without regard to

market price change. The yield is the income return on an investment, such as the interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and market value.

OCTA's month-end balance in the Local Agency Investment Fund was \$71,054,530, with an average monthly effective yield of 0.2 percent. OCTA's month-end balance in the Orange County Investment Pool (OCIP) was \$19,877,938. For the month of June, the monthly gross yield for the OCIP was 0.6 percent. Yields for the month of July will be received in August.

During the month of July, there were three securities held within OCTA's investment portfolio that were downgraded. The total number of securities on the Negative Credit Watch list decreased to zero securities for the month. Please refer to A-8 (Rating Downgrades and Negative Credit Watch) of Attachment A for further details. As of July 31, 2021, the securities reflected on A-8 still meet the minimum ratings requirements set forth by OCTA's Investment Policy.

OCTA's debt program is separate from its investment program and is comprised of M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan. The debt program currently has an outstanding principal balance of \$990 million as of July 31, 2021. Approximately 62 percent of the outstanding balance is comprised of M2 debt, nine percent is associated with the 91 Express Lanes Program, and 29 percent is for the TIFIA Loan.

Summary

The Treasurer is submitting a copy of the Orange County Transportation Authority Investment and Debt Programs report to the Finance and Administration Committee. The report is for the month ending July 31, 2021.

Attachments

- A. Orange County Transportation Authority Investment and Debt Programs
– For the Period Ending July 31, 2021
- B. Orange County Transportation Authority Portfolio Listing as of
July 31, 2021

Prepared by:



Robert Davis
Department Manager
Treasury/Public Finance
(714) 560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
(714) 560-5649

**Treasury/Public Finance Department's
Report On**

**Orange County Transportation Authority
Investment and Debt Programs**



**Presented to the
Finance and Administration Committee**

**For The Period Ending
July 31, 2021**

OCTA Investment Dashboard

7/31/2021

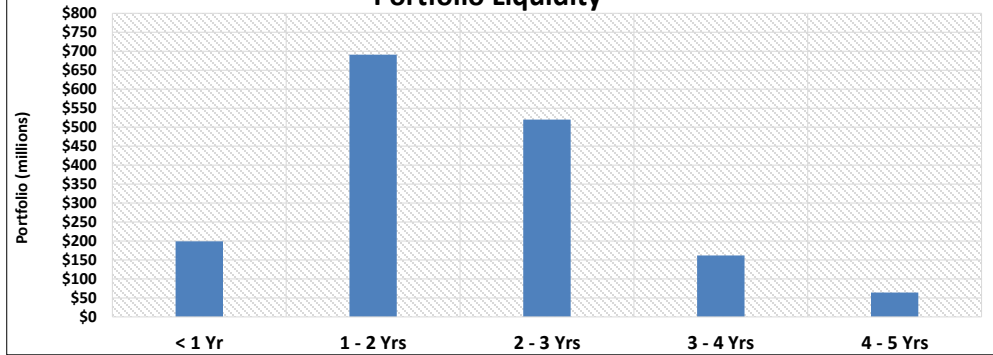
Safety of Principal

Securities that fell below OCTA's minimum credit quality requirements during the month of July 2021:
Not applicable.

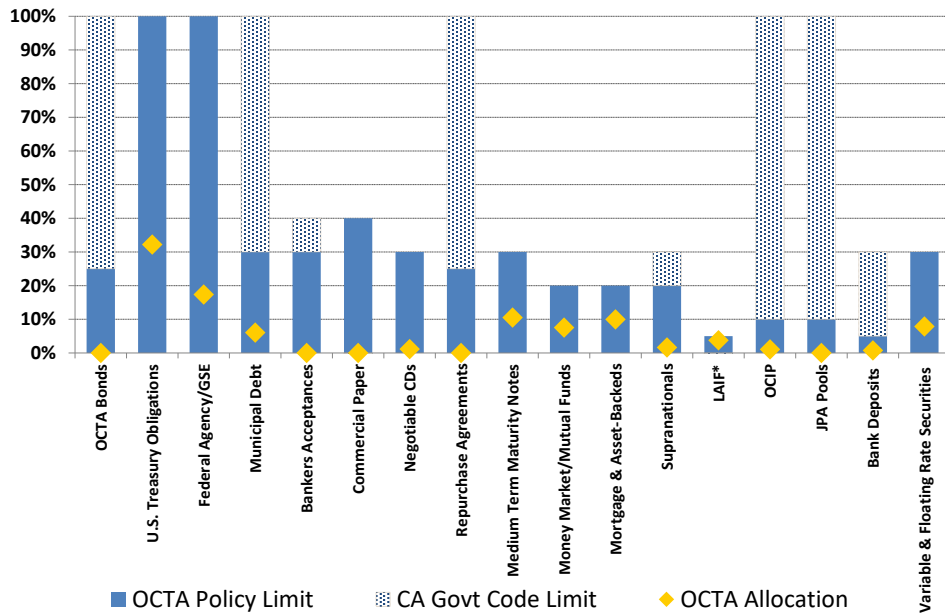
Securities currently held within OCTA's portfolio that fell below OCTA's minimum credit quality requirements during prior reporting periods:
Not applicable.

Securities downgraded or placed on Negative Credit Watch during the month of July 2021, but remain in compliance with OCTA's Investment Policy:
There were three securities held within OCTA's investment portfolio that were downgraded during the month. The total number of securities on the Negative Credit Watch list decreased to zero securities for the month.
For further details please refer to A-8 of this report.

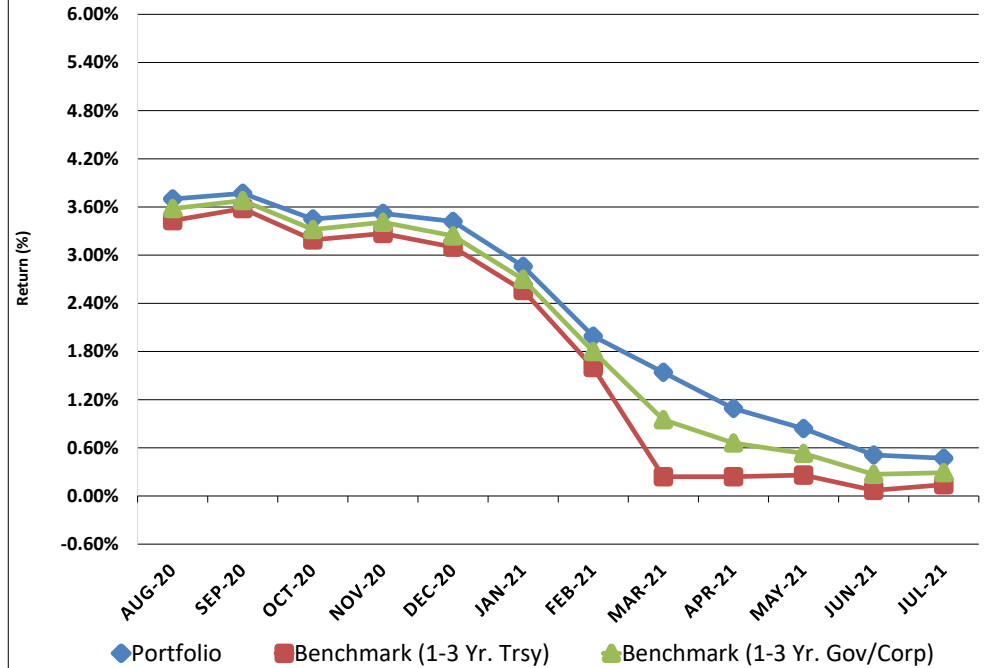
Portfolio Liquidity



Portfolio Diversification



Portfolio Return - 12 Month



*Per CA Government Code LAIF limit is \$75 million

Investment Compliance

7/31/2021

Portfolio Subject to Investment Policy			
Short-Term/Liquid Portfolio ¹	Dollar Amount Invested	Percent Of Portfolio	Investment Policy Maximum Percentages
U.S. Treasury Obligations	\$ 604,379,951	32.2%	100%
Federal Agency/GSE	325,698,756	17.4%	100%
Municipal Debt	113,442,836	6.0%	30%
Commercial Paper	-	0.0%	40%
Negotiable Certificates of Deposit	21,800,000	1.2%	30%
Repurchase Agreements	-	0.0%	25%
Medium Term Maturity Notes/Corporates	197,403,430	10.5%	30%
Money Market/Mutual Funds	141,852,153	7.6%	20%
Mortgage & Asset-Backed	187,043,051	10.0%	20%
Supranationals	30,904,063	1.6%	20%
Local Agency Investment Fund	71,054,530	3.8%	\$ 75 Million
Orange County Investment Pool	19,877,938	1.1%	10%
Joint Powers Authority Pools	-	0.0%	10%
Bank Deposits	14,641,898	0.8%	5%
Variable & Floating Rate Securities	148,127,973	7.9%	30%
Total Short-Term/Liquid Portfolio	\$ 1,876,226,580	100.0%	

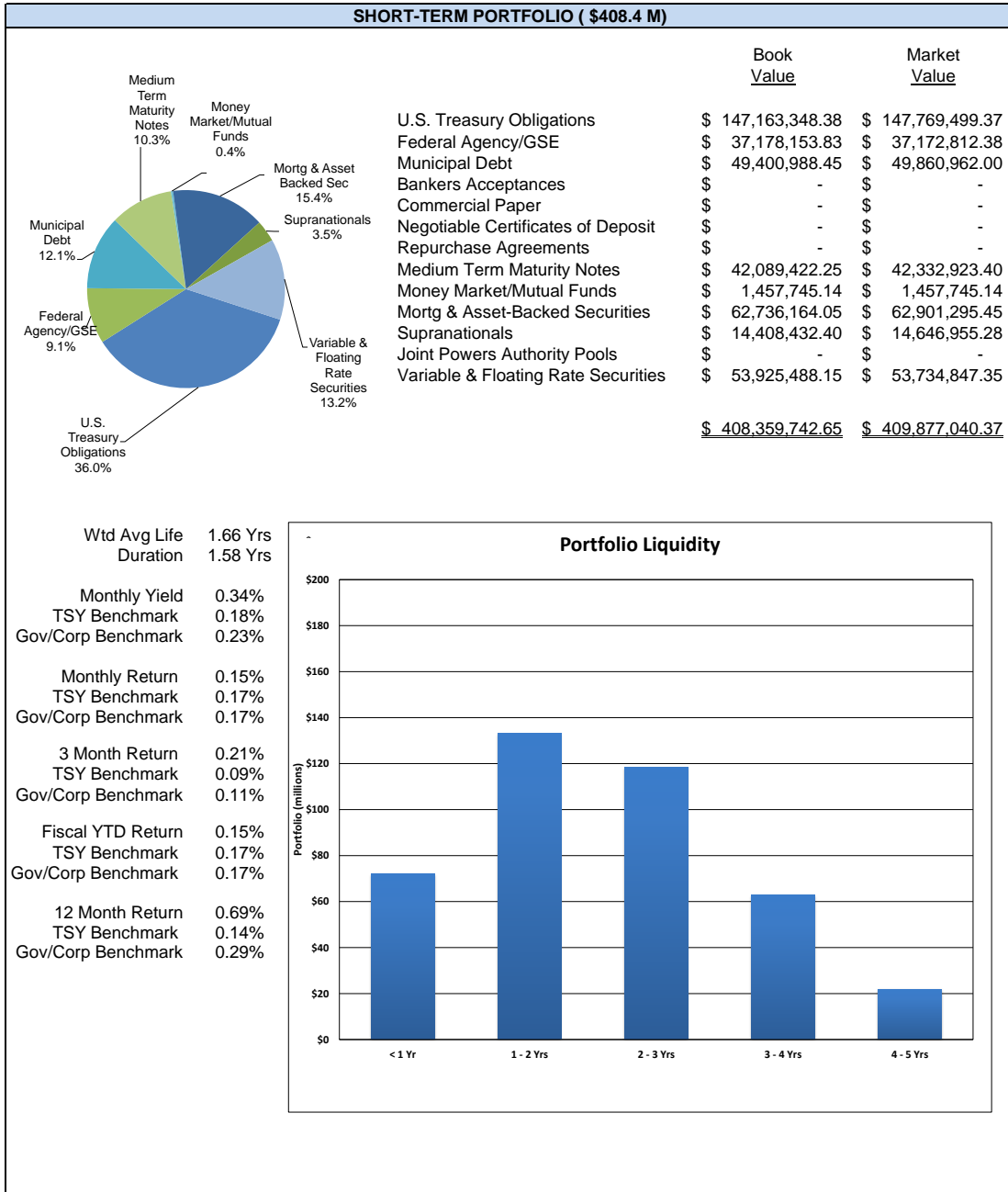
1. Excludes portion of Liquid Portfolio subject to Indenture

Portfolio Subject to Indenture					
Liquid Portfolio*	Dollar Amount Invested	Credit Quality	OCTA Term	Indenture Requirements	
				Credit Quality	Term
Money Market Funds	\$ 114,600,182	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Total Liquid Portfolio	\$ 114,600,182				
Bond Proceeds Portfolio					
Money Market Funds	\$ 13,296	AAA/Aaa	45 days	Min. A2/A	Max. 4 years
Total Bond Proceeds Portfolio	\$ 13,296				
Reserve Funds Portfolio					
Commercial Paper	\$ 25,090,963	P-1/F-1	60-150 days	Min. A-1/P-1	Max. 180 days
Bank Deposits	\$ 220,659				
US Treasuries Obligations	367	AAA/Aaa	30 days	Min. A2/A	Max. 5 years
Total Reserve Funds Portfolio	\$ 25,311,988				
Total Portfolio Subject to Indenture	\$ 25,325,284				
Portfolio Total	\$ 2,016,152,046				

*Reflects portion of Liquid Portfolio subject to Indenture

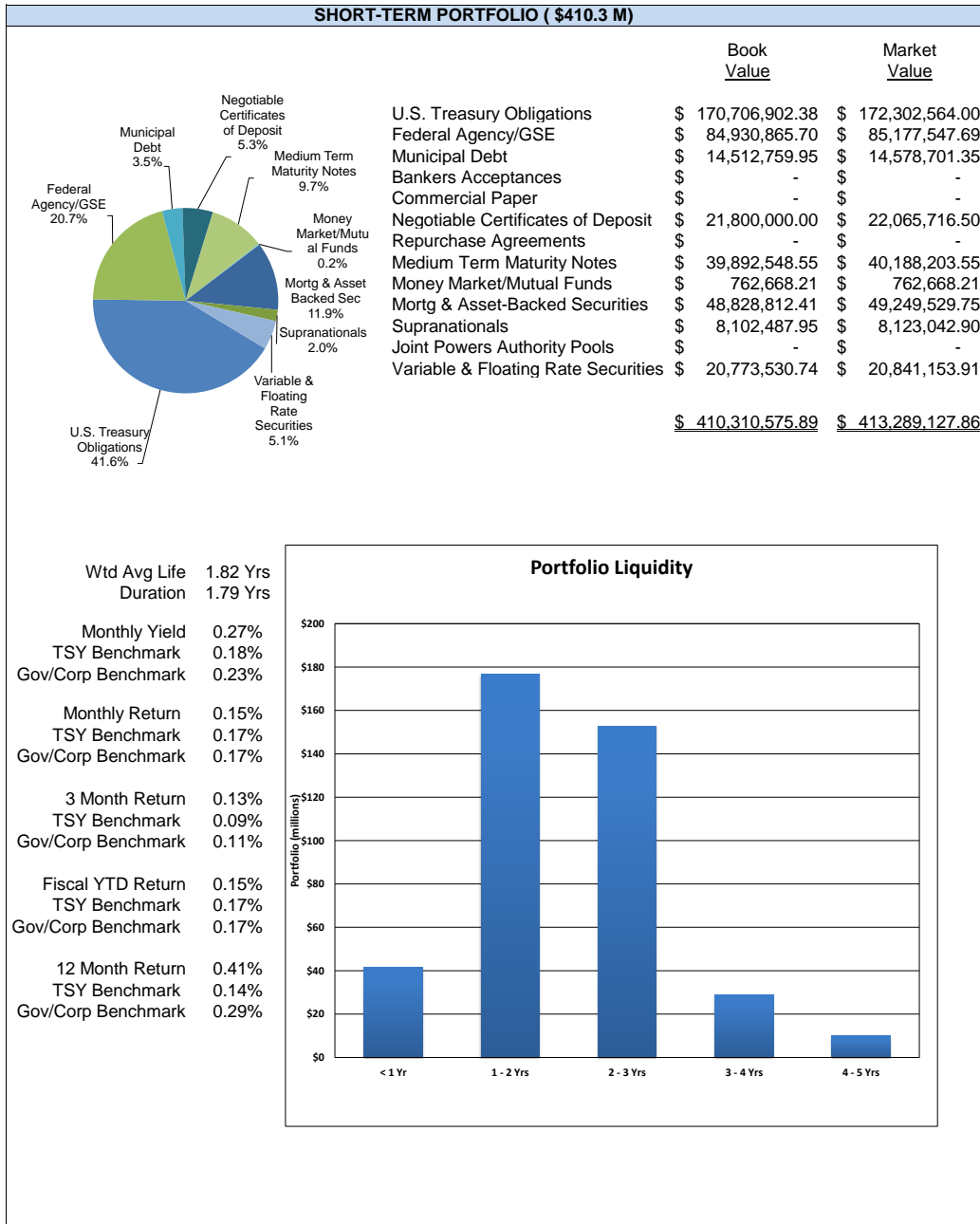
Investment Manager Diversification and Maturity Schedules

MetLife Investment Management
7/31/2021



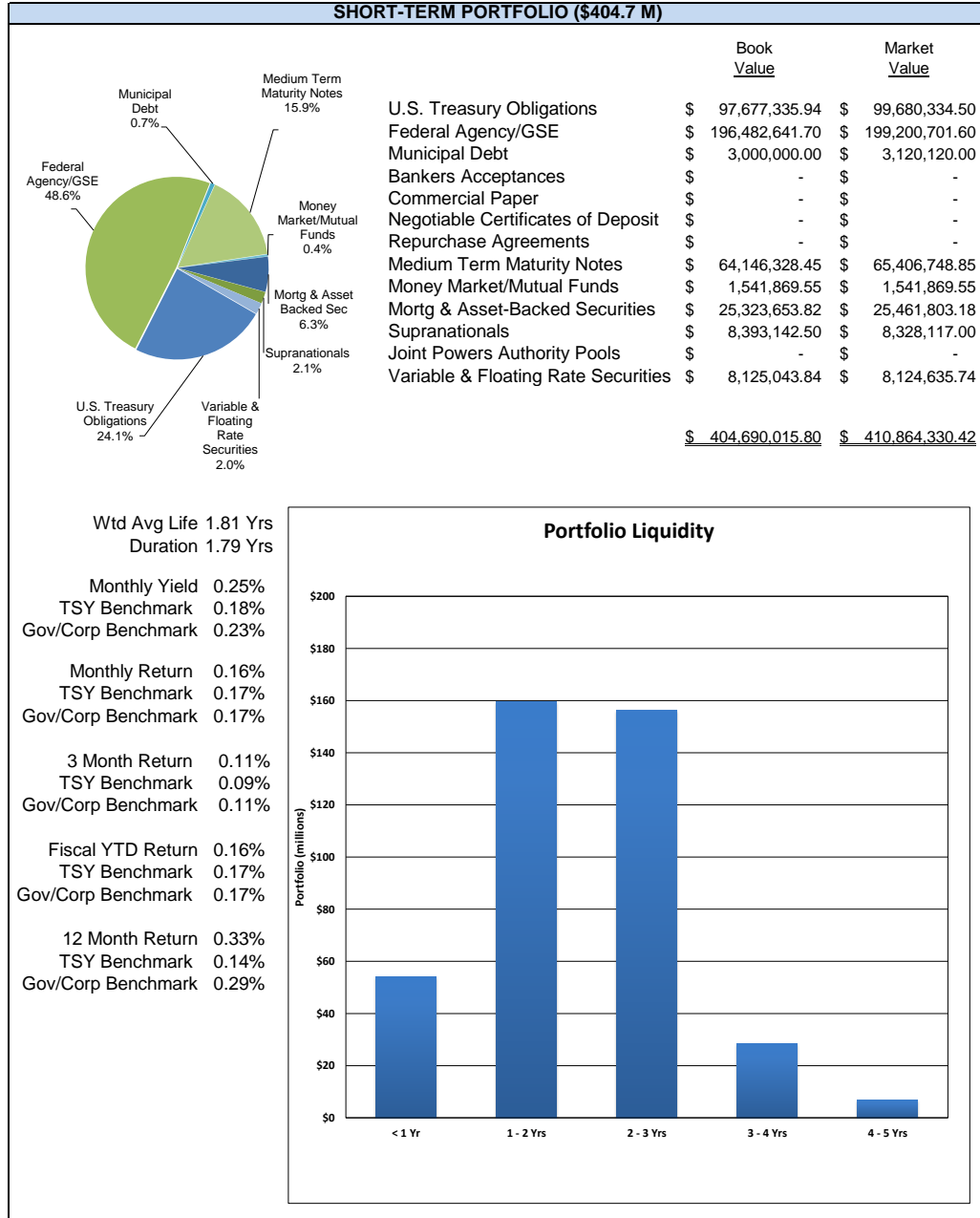
Investment Manager Diversification and Maturity Schedules

PFM
7/31/2021



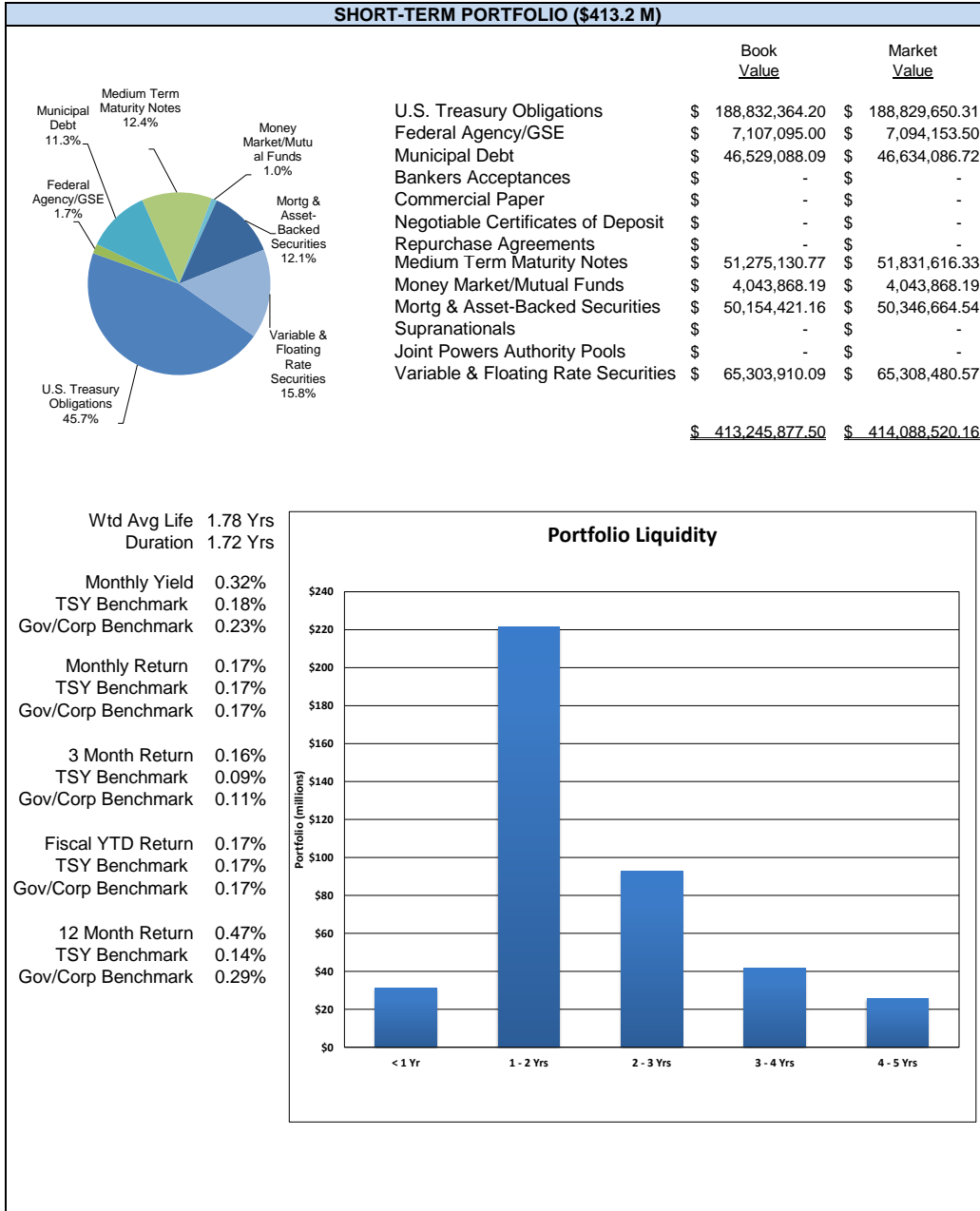
Investment Manager Diversification and Maturity Schedules

**Chandler Asset Management
7/31/2021**



Investment Manager Diversification and Maturity Schedules

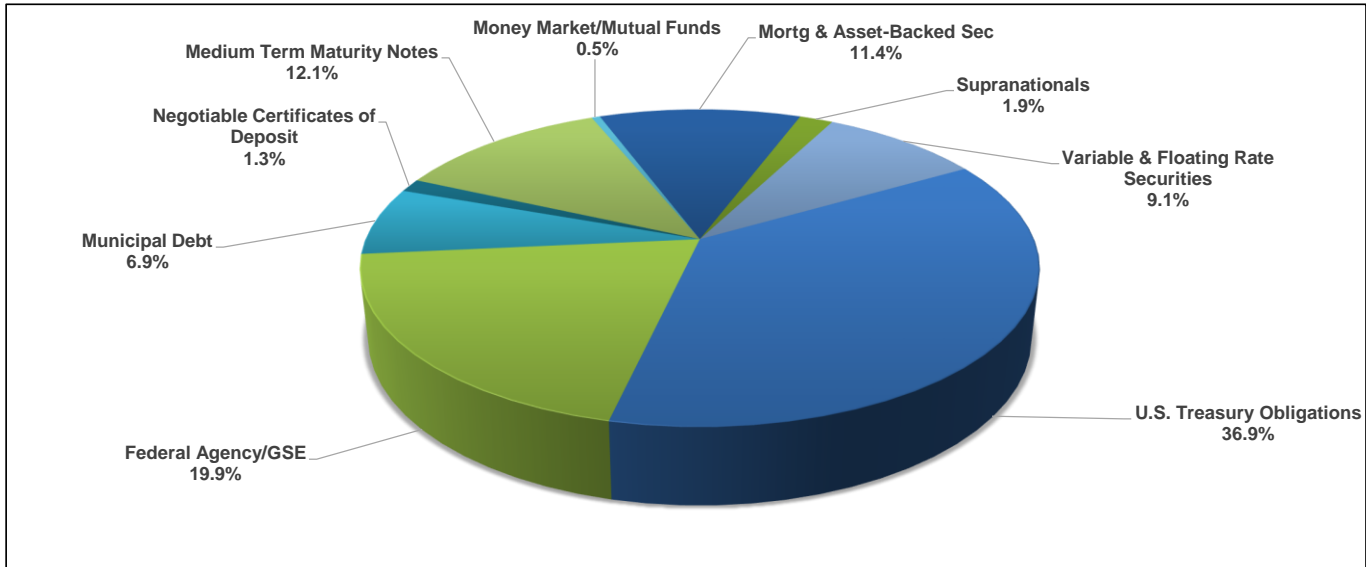
Payden & Rygel
7/31/2021



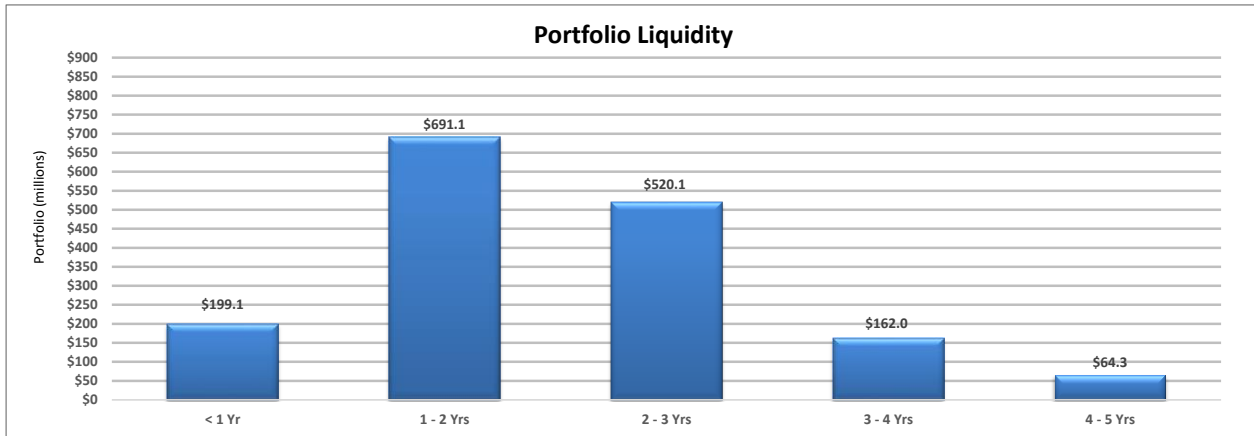
Short-Term Portfolio

7/31/2021

Portfolio Composition



Portfolio Liquidity



Rating Downgrades & Negative Credit Watch 7/31/2021

<u>Investment Manager / Security</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
Rating Downgrades:					
Chandler Asset Management					
US Bancorp	\$ 4,500,000	Various*	A+	A2	A+
<p><i>On July 12, 2021, Moody's downgraded the long-term ratings of US Bancorp (US Bank) from A1 to A2. The downgrade is due to the narrowing outperformance of US Bank compared to its peers which is attributed to continued coronavirus related struggles. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to US Bank's consistent financial performance and the quality of their balance sheet.</i></p>					
Royal Bank of Canada	\$ 4,000,000	11/1/2024	A	A2	AA-
<p><i>On July 15, 2021, Fitch downgraded the long-term ratings of the Royal Bank of Canada (Bank of Canada) from AA to AA-. The downgrade is due to an overall downgrade to the Canadian operating environment by Fitch due to an increase in private and public sector debt. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to the Bank of Canada's strong credit profile among Canadian banks, diversification, capital buffers, and strong earnings.</i></p>					
PFM					
Credit Suisse	\$ 3,100,000	3/17/2023	A+	A1	N/A
<p><i>On July 13, 2021, Moody's downgraded the long-term ratings of Credit Suisse from Aa3 to A1. The downgrade is due to Moody's recently changing their methodology for bank ratings, resulting in rating changes to several banks. The security remains in compliance with the requirements of the Investment Policy, and the investment manager is comfortable holding the security due to Credit Suisse's enhancements to risk awareness, client defections, and a reduction in the bank's risk appetite.</i></p>					

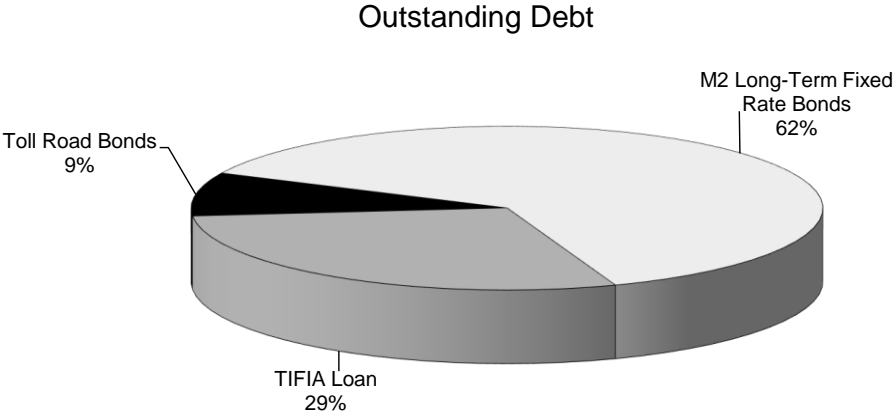
*2/5/24 & 7/30/24

DEBT PROGRAM

(M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, 2017 TIFIA Loan (I-405))

Total Outstanding Debt*

As of 7/31/21



TOTAL OUTSTANDING DEBT: \$990,890,000

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.

Outstanding Debt*

As of 7/31/21

Orange County Local Transportation Authority (OCLTA-M2)

2010 Series A Taxable Build America Bonds - Sales Tax Revenue Bonds

Issued:	\$	293,540,000
Outstanding:		250,000,000
Debt Service FY 2022:		17,270,000
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ Moody's/ S&P):		AA+/Aa2/AA+
Final Maturity:		2041

2019 M2 Sales Tax Bond

Issued:	\$	376,690,000
Outstanding:		368,625,000
Debt Service FY 2022:		26,556,400
Pledged Revenue Source:	M2 Sales Tax Revenues	
Ratings (Fitch/ S&P):		AA+/AA+
Final Maturity:		2041

91 Express Lanes

2013 OCTA 91 Express Lanes Refunding Bonds

Issued:	\$	124,415,000
Outstanding:		85,265,000
Debt Service FY 2022:		10,795,825
Pledged Revenue Source:	91 Toll Road Revenues	
Ratings (Fitch/ Moody's/ S&P):		A+/A1/AA-
Final Maturity:		2030

405 Express Lanes

2017 TIFIA Loan

Outstanding:	\$	287,000,000
Accrued Interest:		25,120,396
Pledged Revenue Source:	405 Toll Road Revenues	
Ratings (Moody's):		Baa2
Final Maturity:		2058

*Comprised of OCTA's debt obligations (M2 Sales Tax Revenue Bonds, 91 Toll Revenue Bonds, and 2017 TIFIA Loan (I-405)) currently outstanding and irrespective of OCTA's investment program.

**Orange County Transportation Authority
Portfolio Listing
As of July 31, 2021**

ATTACHMENT B

LIQUID PORTFOLIO				
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<u>CASH EQUIVALENTS</u>				
BANK DEPOSITS	7/31/2021	14,641,898.00	14,641,898.00	
MONEY MARKET DEMAND ACCOUNT	N/A	134,046,002.39	134,046,002.39	0.10%
FIDELITY TREASURY OBLIGATIONS FUND	N/A	92,684,820.64	92,684,820.64	0.01%
FEDERATED TREASURY OBLIGATIONS FUND	N/A	21,915,361.65	21,915,361.65	0.03%
SUB-TOTAL		263,288,082.68	263,288,082.68	
<u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u>				
	N/A	71,054,530.36	71,054,530.36	0.22%
<u>ORANGE COUNTY INVESTMENT POOL (OCIP)</u>				
	N/A	19,877,937.61	19,877,937.61	0.60%
LIQUID PORTFOLIO - TOTAL		\$ 354,220,550.65	\$ 354,220,550.65	

SHORT-TERM PORTFOLIO				
DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
<u>Money Market Funds</u>				
FIRST AMER.:GVT OBLG Z	7/31/2021	1,541,869.55	1,541,869.55	0.02
FIRST AMER.:GVT OBLG Z	7/31/2021	1,457,745.14	1,457,745.14	0.02
FIRST AMER.:GVT OBLG Z	7/31/2021	4,043,868.19	4,043,868.19	0.02
FIRST AMER.:GVT OBLG Z	7/31/2021	762,668.21	762,668.21	0.02
SUB-TOTAL		7,806,151.09	7,806,151.09	
<u>NEGOTIABLE CERTIFICATES OF DEPOSIT</u>				
Credit Suisse AG, New York Branch	3/17/2023	2,160,000.00	2,159,071.20	0.61
Credit Suisse AG, New York Branch	3/17/2023	940,000.00	939,595.80	0.61
Credit Suisse AG, New York Branch	12/2/2022	2,700,000.00	2,758,104.00	0.45
DNB Bank ASA, New York Branch	12/2/2022	1,175,000.00	1,200,286.00	0.45
DNB Bank ASA, New York Branch	8/26/2022	2,700,000.00	2,750,274.00	0.13
Nordea Bank Abp, New York Branch	8/26/2022	1,175,000.00	1,196,878.50	0.13
Nordea Bank Abp, New York Branch	8/26/2022	2,700,000.00	2,750,841.00	0.12
Skandinaviska Enskilda Banken AB (publ)	8/26/2022	1,175,000.00	1,197,125.25	0.12
Skandinaviska Enskilda Banken AB (publ)	2/14/2022	2,785,000.00	2,810,956.20	0.06
Societe Generale, New York Branch	2/14/2022	1,215,000.00	1,226,323.80	0.06
Societe Generale, New York Branch	7/8/2022	2,145,000.00	2,145,879.45	0.65
Sumitomo Mitsui Banking Corporation, New York Bra	7/8/2022	930,000.00	930,381.30	0.65
SUB-TOTAL		21,800,000.00	22,065,716.50	
<u>U.S. TREASURY OBLIGATIONS</u>				
UNITED STATES TREASURY	7/31/2022	5,865,703.12	6,106,860.00	0.10
UNITED STATES TREASURY	8/31/2022	3,989,673.83	4,229,763.00	0.11
UNITED STATES TREASURY	8/31/2022	2,874,960.94	3,057,660.00	0.11
UNITED STATES TREASURY	11/30/2022	7,718,648.44	7,995,624.00	0.12
UNITED STATES TREASURY	4/30/2023	5,234,208.98	5,383,507.50	0.17
UNITED STATES TREASURY	5/31/2023	7,787,187.50	8,211,840.00	0.18
UNITED STATES TREASURY	10/31/2023	8,007,187.50	8,250,960.00	0.23
UNITED STATES TREASURY	8/15/2022	6,983,046.88	7,102,550.00	0.10
UNITED STATES TREASURY	10/15/2022	7,957,187.50	8,122,160.00	0.11
UNITED STATES TREASURY	1/31/2025	8,313,750.00	8,255,600.00	0.45
UNITED STATES TREASURY	3/31/2025	1,989,687.50	2,001,020.00	0.49
UNITED STATES TREASURY	12/15/2023	7,978,437.50	7,977,840.00	0.24
UNITED STATES TREASURY	4/15/2024	8,013,437.50	8,016,240.00	0.30
UNITED STATES TREASURY	5/15/2024	3,988,281.25	3,992,800.00	0.31
UNITED STATES TREASURY	6/15/2024	10,975,937.50	10,975,910.00	0.33
UNITED STATES TREASURY	5/15/2022	7,940,162.11	7,940,743.35	0.10
UNITED STATES TREASURY	5/15/2022	1,979,554.69	1,981,375.50	0.10
UNITED STATES TREASURY	2/28/2022	13,854,125.00	13,833,301.00	0.09
UNITED STATES TREASURY	2/28/2022	4,040,312.50	4,038,750.00	0.10
UNITED STATES TREASURY	9/30/2022	4,574,116.40	4,631,991.30	0.11
UNITED STATES TREASURY	9/30/2022	10,407,680.66	10,522,620.50	0.11
UNITED STATES TREASURY	9/30/2022	4,212,140.63	4,280,388.00	0.11
UNITED STATES TREASURY	9/30/2022	9,332,563.88	9,320,755.47	0.11
UNITED STATES TREASURY	9/30/2022	2,988,410.86	3,164,674.22	0.11
UNITED STATES TREASURY	10/15/2022	6,859,031.25	7,005,656.25	0.11
UNITED STATES TREASURY	10/15/2022	3,944,908.20	4,010,484.38	0.11
UNITED STATES TREASURY	12/31/2024	4,074,494.92	4,084,894.30	0.43
UNITED STATES TREASURY	12/31/2024	6,095,705.27	6,127,341.45	0.43
UNITED STATES TREASURY	3/15/2023	4,087,313.28	4,078,442.97	0.14
UNITED STATES TREASURY	3/15/2023	5,110,995.70	5,099,310.94	0.14
UNITED STATES TREASURY	3/15/2023	3,678,658.20	3,671,101.56	0.14
UNITED STATES TREASURY	3/15/2023	4,132,031.25	4,123,703.13	0.14
UNITED STATES TREASURY	3/15/2023	2,821,000.00	2,816,187.50	0.14
UNITED STATES TREASURY	3/15/2023	614,622.66	613,526.56	0.14
UNITED STATES TREASURY	5/15/2023	4,098,078.13	4,097,437.50	0.16
UNITED STATES TREASURY	5/15/2023	5,623,022.46	5,621,484.38	0.16
UNITED STATES TREASURY	10/15/2023	4,564,634.77	4,565,346.75	0.22
UNITED STATES TREASURY	10/15/2023	5,685,972.66	5,687,973.00	0.22
UNITED STATES TREASURY	10/15/2023	4,989,843.75	4,989,062.50	0.22
UNITED STATES TREASURY	10/15/2023	4,096,476.56	4,091,031.25	0.22
UNITED STATES TREASURY	10/15/2023	6,972,656.25	6,984,687.50	0.22
UNITED STATES TREASURY	10/15/2023	4,099,725.00	4,101,009.38	0.22
UNITED STATES TREASURY	10/15/2023	3,142,863.28	3,143,109.38	0.22
UNITED STATES TREASURY	10/15/2023	3,142,248.05	3,143,109.38	0.22
UNITED STATES TREASURY	12/31/2022	3,790,000.00	3,790,151.60	0.12
UNITED STATES TREASURY	12/31/2022	549,829.97	550,022.00	0.12
UNITED STATES TREASURY	12/31/2022	36,440,759.77	36,456,458.20	0.12
UNITED STATES TREASURY	12/31/2022	3,749,560.55	3,750,150.00	0.12
UNITED STATES TREASURY	12/31/2022	5,799,668.82	5,800,232.00	0.12
UNITED STATES TREASURY	12/31/2022	3,935,153.71	3,935,157.40	0.12
UNITED STATES TREASURY	12/31/2022	23,149,000.00	23,149,925.96	0.12
UNITED STATES TREASURY	1/31/2023	6,060,738.49	6,058,472.90	0.13
UNITED STATES TREASURY	1/31/2023	4,417,707.64	4,415,970.02	0.13
UNITED STATES TREASURY	1/31/2023	759,507.62	759,208.88	0.13
UNITED STATES TREASURY	1/31/2023	3,980,777.34	3,979,522.40	0.13
UNITED STATES TREASURY	1/31/2023	910,213.28	909,890.80	0.13
UNITED STATES TREASURY	1/31/2023	2,320,725.00	2,319,721.60	0.13
UNITED STATES TREASURY	1/31/2023	4,351,359.38	4,349,478.00	0.13
UNITED STATES TREASURY	1/31/2023	3,110,242.97	3,109,628.80	0.13
UNITED STATES TREASURY	1/31/2023	1,034,959.57	1,034,875.80	0.13
UNITED STATES TREASURY	1/31/2023	45,000.00	44,994.60	0.13
UNITED STATES TREASURY	1/31/2023	8,817,010.26	8,813,542.25	0.13
UNITED STATES TREASURY	1/31/2023	2,756,099.63	2,755,069.35	0.13
UNITED STATES TREASURY	3/31/2023	1,709,064.84	1,709,264.70	0.15
UNITED STATES TREASURY	3/31/2023	1,604,247.66	1,604,309.85	0.15
UNITED STATES TREASURY	4/30/2023	11,616,405.93	11,612,795.60	0.16
UNITED STATES TREASURY	4/30/2023	5,008,450.41	5,006,893.80	0.16
UNITED STATES TREASURY	5/15/2024	27,629,233.85	27,625,185.00	0.31

**Orange County Transportation Authority
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<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
UNITED STATES TREASURY	5/15/2024	2,361,089.00	2,360,743.00	0.31
UNITED STATES TREASURY	5/15/2024	4,144,488.28	4,142,530.00	0.31
UNITED STATES TREASURY	5/15/2024	14,710,632.73	14,708,477.00	0.31
UNITED STATES TREASURY	6/30/2023	3,721,257.81	3,727,239.80	0.16
UNITED STATES TREASURY	6/30/2023	349,179.69	349,741.00	0.16
UNITED STATES TREASURY	7/31/2022	4,148,885.94	4,218,822.45	0.10
UNITED STATES TREASURY	7/31/2022	5,216,656.25	5,292,612.00	0.10
UNITED STATES TREASURY	7/31/2022	3,521,825.00	3,643,759.80	0.10
UNITED STATES TREASURY	9/30/2022	5,247,312.92	5,373,616.95	0.11
UNITED STATES TREASURY	9/30/2022	2,287,290.25	2,342,345.85	0.11
UNITED STATES TREASURY	10/31/2022	3,734,611.51	3,843,317.60	0.12
UNITED STATES TREASURY	10/31/2022	1,626,122.46	1,673,455.20	0.12
UNITED STATES TREASURY	2/28/2023	3,858,642.98	4,010,926.00	0.16
UNITED STATES TREASURY	2/28/2023	1,679,409.38	1,745,688.00	0.16
UNITED STATES TREASURY	12/31/2022	1,024,528.13	1,059,004.80	0.14
UNITED STATES TREASURY	12/31/2022	6,439,408.22	6,775,574.40	0.14
UNITED STATES TREASURY	12/31/2022	3,302,362.50	3,413,491.20	0.14
UNITED STATES TREASURY	1/31/2023	2,901,853.51	2,960,227.00	0.13
UNITED STATES TREASURY	1/31/2023	1,253,320.31	1,280,375.00	0.13
UNITED STATES TREASURY	1/31/2023	10,041.02	10,243.00	0.13
UNITED STATES TREASURY	3/31/2023	7,118,586.91	7,130,612.25	0.16
UNITED STATES TREASURY	3/31/2023	4,643,666.01	4,651,510.50	0.16
UNITED STATES TREASURY	3/31/2023	3,546,536.13	3,552,527.25	0.16
UNITED STATES TREASURY	6/30/2023	2,857,788.28	2,853,751.50	0.18
UNITED STATES TREASURY	6/30/2023	1,239,399.22	1,237,648.50	0.18
UNITED STATES TREASURY	11/15/2022	2,787,166.41	2,844,600.30	0.11
UNITED STATES TREASURY	11/15/2022	1,208,771.09	1,233,679.70	0.11
UNITED STATES TREASURY	4/30/2024	3,103,259.38	3,097,136.80	0.31
UNITED STATES TREASURY	4/30/2024	1,352,433.98	1,349,765.70	0.31
UNITED STATES TREASURY	10/15/2022	521,718.75	533,016.75	0.11
UNITED STATES TREASURY	10/15/2022	223,593.75	228,435.75	0.11
UNITED STATES TREASURY	10/31/2024	3,611,739.65	3,609,275.10	0.40
UNITED STATES TREASURY	10/31/2024	1,570,096.29	1,569,024.90	0.40
UNITED STATES TREASURY	11/30/2024	1,519,250.78	1,517,476.30	0.42
UNITED STATES TREASURY	11/30/2024	4,402,568.36	4,402,235.00	0.42
UNITED STATES TREASURY	11/30/2024	2,577,022.66	2,574,012.70	0.42
UNITED STATES TREASURY	1/15/2023	673,297.66	683,346.40	0.13
UNITED STATES TREASURY	1/15/2023	4,101,875.00	4,079,680.00	0.13
UNITED STATES TREASURY	1/15/2023	2,039,991.40	2,070,437.60	0.13
UNITED STATES TREASURY	5/15/2023	1,529,483.59	1,534,094.35	0.16
UNITED STATES TREASURY	5/15/2023	662,610.16	664,607.65	0.16
UNITED STATES TREASURY	6/15/2023	2,472,026.17	2,473,581.50	0.17
UNITED STATES TREASURY	6/15/2023	1,051,927.73	1,051,522.50	0.17
UNITED STATES TREASURY	6/15/2023	1,531,255.08	1,532,218.50	0.17
UNITED STATES TREASURY	10/15/2023	6,951,668.56	6,950,303.85	0.22
UNITED STATES TREASURY	10/15/2023	3,029,190.82	3,028,596.15	0.22
UNITED STATES TREASURY	11/15/2023	2,872,130.08	2,871,578.50	0.23
UNITED STATES TREASURY	11/15/2023	1,250,927.73	1,250,687.50	0.23
UNITED STATES TREASURY	11/30/2022	609,428.13	610,073.20	0.12
UNITED STATES TREASURY	11/30/2022	264,751.56	265,031.80	0.12
UNITED STATES TREASURY	12/15/2023	658,504.69	658,171.80	0.24
UNITED STATES TREASURY	12/15/2023	2,418,842.77	2,418,282.75	0.24
UNITED STATES TREASURY	12/15/2023	1,336,964.06	1,336,288.20	0.24
UNITED STATES TREASURY	12/31/2022	1,339,895.31	1,340,053.60	0.12
UNITED STATES TREASURY	12/31/2022	584,954.30	585,023.40	0.12
UNITED STATES TREASURY	1/31/2023	4,876,142.57	4,874,415.00	0.13
UNITED STATES TREASURY	1/31/2023	2,125,498.05	2,124,745.00	0.13
UNITED STATES TREASURY	2/15/2024	3,574,433.98	3,577,506.80	0.26
UNITED STATES TREASURY	2/15/2024	1,553,235.94	1,554,571.20	0.26
UNITED STATES TREASURY	3/15/2024	3,111,103.12	3,117,568.40	0.28
UNITED STATES TREASURY	3/15/2024	2,744,306.64	2,747,855.00	0.28
UNITED STATES TREASURY	3/15/2024	2,547,714.26	2,553,007.10	0.28
UNITED STATES TREASURY	3/31/2023	1,394,182.62	1,394,400.15	0.15
UNITED STATES TREASURY	3/31/2023	604,645.51	604,739.85	0.15
UNITED STATES TREASURY	4/15/2024	2,091,551.17	2,094,242.70	0.30
UNITED STATES TREASURY	4/15/2024	910,675.39	911,847.30	0.30
UNITED STATES TREASURY	6/15/2024	1,939,833.59	1,940,740.45	0.33
UNITED STATES TREASURY	6/15/2024	4,470,820.31	4,490,145.00	0.33
UNITED STATES TREASURY	6/15/2024	5,973,750.00	5,986,860.00	0.33
UNITED STATES TREASURY	6/15/2024	852,728.91	853,127.55	0.33
UNITED STATES TREASURY	6/15/2024	1,987,031.25	1,995,620.00	0.33
UNITED STATES TREASURY	6/15/2024	1,991,250.00	1,995,620.00	0.33
UNITED STATES TREASURY	7/15/2024	2,844,656.25	2,852,679.00	0.34
UNITED STATES TREASURY	7/15/2024	1,197,750.00	1,201,128.00	0.34
SUB-TOTAL		604,379,950.90	608,582,048.18	
FEDERAL AGENCY/GSE				
FEDERAL HOME LOAN BANKS	9/8/2023	4,135,800.00	4,180,880.00	0.22
FEDERAL HOME LOAN BANKS	9/8/2023	4,104,600.00	4,180,880.00	0.22
FEDERAL HOME LOAN BANKS	3/8/2024	5,201,750.00	5,200,800.00	0.33
FEDERAL HOME LOAN BANKS	3/10/2023	5,053,550.00	5,209,200.00	0.15
FEDERAL HOME LOAN BANKS	6/10/2022	4,988,900.00	5,113,800.00	0.10
FEDERAL HOME LOAN BANKS	12/9/2022	7,058,660.00	7,270,830.00	0.15
FEDERAL HOME LOAN BANKS	6/9/2023	3,977,720.00	4,144,160.00	0.18
FEDERAL HOME LOAN BANKS	6/9/2023	4,029,880.00	4,144,160.00	0.18
FEDERAL HOME LOAN BANKS	9/9/2022	6,828,560.00	7,016,784.00	0.24
FEDERAL FARM CREDIT BANKS FUNDING CORP	12/17/2021	6,022,920.00	6,060,600.00	0.14
FEDERAL FARM CREDIT BANKS FUNDING CORP	11/15/2021	7,034,930.00	7,057,890.00	0.21
FEDERAL FARM CREDIT BANKS FUNDING CORP	7/17/2023	5,060,200.00	5,261,750.00	0.20
FEDERAL FARM CREDIT BANKS FUNDING CORP	6/26/2023	6,967,450.00	7,209,650.00	0.19
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/1/2023	4,996,450.00	5,127,950.00	0.14
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	4,993,550.00	5,141,100.00	0.21
FEDERAL FARM CREDIT BANKS FUNDING CORP	8/14/2023	7,983,280.00	7,998,480.00	0.21
FEDERAL FARM CREDIT BANKS FUNDING CORP	2/21/2023	5,000,600.00	5,101,150.00	0.15
FEDERAL FARM CREDIT BANKS FUNDING CORP	5/6/2022	5,627,843.55	5,642,100.10	0.09
FEDERAL FARM CREDIT BANKS FUNDING CORP	10/2/2023	4,994,600.00	4,998,400.00	0.21
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	6,111,548.70	6,141,463.10	0.15
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	3,203,098.50	3,213,531.00	0.19
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	5,000,300.00	5,005,500.00	0.19
FEDERAL NATIONAL MORTGAGE ASSOCIATION	11/27/2023	1,797,948.00	1,800,342.00	0.24
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	6,815,760.00	7,057,610.00	0.09
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	4,411,710.00	4,648,140.00	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/19/2023	2,233,875.00	2,375,716.00	0.13
FEDERAL NATIONAL MORTGAGE ASSOCIATION	4/12/2022	6,370,496.00	6,496,384.00	0.10
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	8,248,720.00	8,082,560.00	0.09
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	7,621,797.50	7,651,687.50	0.18
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	7,463,143.80	7,494,730.50	0.18
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	8,001,840.00	8,007,120.00	0.21
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	5,098,317.00	5,101,428.00	0.24
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	3,001,860.00	3,000,840.00	0.24
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	6,376,128.00	6,382,720.00	0.25

**Orange County Transportation Authority
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DESCRIPTION	MATURITY DATE	BOOK VALUE	MARKET VALUE	YIELD
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	4,705,761.00	4,710,235.50	0.25
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	5,959,094.65	5,970,129.90	0.21
FEDERAL HOME LOAN MORTGAGE CORP	8/12/2025	4,095,490.00	4,089,811.50	0.66
FEDERAL HOME LOAN MORTGAGE CORP	10/13/2023	4,097,950.00	4,101,664.60	0.10
FEDERAL HOME LOAN MORTGAGE CORP	11/24/2023	2,035,000.00	2,035,335.78	0.10
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	3,857,469.00	3,881,847.20	0.08
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1/5/2022	5,677,685.00	5,696,736.80	0.08
FEDERAL NATIONAL MORTGAGE ASSOCIATION	10/27/2023	6,098,475.00	6,102,348.50	0.14
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,652,771.25	5,632,534.00	0.09
FEDERAL HOME LOAN MORTGAGE CORP	1/13/2022	5,663,313.58	5,632,534.00	0.09
FEDERAL HOME LOAN BANKS	2/12/2026	2,897,970.00	2,886,631.00	0.70
FEDERAL HOME LOAN BANKS	2/12/2026	1,249,125.00	1,244,237.50	0.70
FEDERAL HOME LOAN MORTGAGE CORP	11/25/2024	1,570,000.00	1,572,292.20	0.34
FEDERAL HOME LOAN MORTGAGE CORP	11/25/2024	680,000.00	680,992.80	0.34
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	8/1/2021	500,000.00	500,000.00	2.54
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	8/1/2021	210,000.00	210,000.00	2.54
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	5,687,827.95	5,715,668.35	0.15
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5/22/2023	2,472,535.20	2,484,637.60	0.15
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	5,403,357.75	5,420,956.50	0.19
FEDERAL NATIONAL MORTGAGE ASSOCIATION	7/10/2023	2,354,926.00	2,362,596.00	0.19
FEDERAL HOME LOAN MORTGAGE CORP	4/20/2023	5,241,862.50	5,275,284.30	0.15
FEDERAL HOME LOAN MORTGAGE CORP	4/20/2023	2,284,275.00	2,298,839.40	0.15
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	4,977,908.40	4,997,430.00	0.18
FEDERAL HOME LOAN MORTGAGE CORP	5/5/2023	2,169,088.60	2,177,595.00	0.18
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	5,144,932.80	5,166,708.00	0.18
FEDERAL HOME LOAN MORTGAGE CORP	6/26/2023	2,238,444.60	2,247,918.50	0.18
FEDERAL HOME LOAN MORTGAGE CORP	7/25/2022	3,457,169.10	3,466,559.25	0.08
FEDERAL HOME LOAN MORTGAGE CORP	7/25/2022	1,506,587.40	1,510,679.50	0.08
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	6,403,461.80	6,415,704.90	0.21
FEDERAL HOME LOAN MORTGAGE CORP	8/24/2023	2,787,154.20	2,792,483.10	0.21
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	2,550,465.66	2,550,714.00	0.24
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	6,997,690.00	7,001,960.00	0.24
FEDERAL HOME LOAN MORTGAGE CORP	9/8/2023	2,725,497.61	2,725,763.00	0.24
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,549,199.85	1,550,801.50	0.25
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,991,720.00	1,994,600.00	0.25
FEDERAL HOME LOAN MORTGAGE CORP	10/16/2023	1,539,237.15	1,540,828.50	0.25
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	5,709,856.50	5,715,285.75	0.25
FEDERAL HOME LOAN MORTGAGE CORP	11/6/2023	2,482,763.50	2,485,124.25	0.25
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	4,820,223.25	4,829,149.50	0.21
FEDERAL HOME LOAN MORTGAGE CORP	12/4/2023	2,097,921.00	2,101,806.00	0.21
FHMS K-727 A1	10/25/2023	336,759.88	348,454.79	0.40
SUB-TOTAL		325,698,756.23	328,645,215.17	

MEDIUM TERM NOTES

AMAZON.COM INC	5/12/2024	3,265,225.80	3,269,705.70	0.45
AMERICAN HONDA FINANCE CORP	11/16/2022	2,021,300.00	2,060,180.00	0.27
AMERICAN HONDA FINANCE CORP	1/12/2024	1,585,215.00	1,609,950.00	0.53
APPLE INC	5/3/2023	1,977,040.00	2,073,860.00	0.29
APPLE INC	2/23/2023	2,949,060.00	3,108,480.00	0.26
BANK OF AMERICA CORP	1/11/2023	3,034,740.00	3,131,040.00	0.27
BANK OF NEW YORK MELLON CORP	1/29/2023	2,944,320.00	3,115,380.00	0.22
BERKSHIRE HATHAWAY INC	3/15/2023	2,924,460.00	3,109,140.00	0.25
BERKSHIRE HATHAWAY INC	3/15/2023	2,014,300.00	2,072,760.00	0.25
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	5,193,032.00	5,209,880.00	0.38
DEERE & CO	6/8/2022	1,466,700.00	1,521,960.00	0.18
JOHN DEERE CAPITAL CORP	1/17/2024	3,512,504.35	3,516,722.35	0.43
PACCAR FINANCIAL CORP	9/26/2022	1,498,170.00	1,529,940.00	0.27
PACCAR FINANCIAL CORP	2/7/2023	2,274,886.25	2,330,828.50	0.28
PACCAR FINANCIAL CORP	2/2/2024	1,618,120.80	1,615,885.20	0.45
ROYAL BANK OF CANADA	11/1/2024	4,205,160.00	4,195,240.00	0.73
SALESFORCE.COM INC	7/15/2024	564,711.85	566,525.50	0.34
CHARLES SCHWAB CORP	3/18/2024	2,333,832.50	2,352,279.00	0.46
CHARLES SCHWAB CORP	3/18/2024	2,006,720.00	2,014,800.00	0.46
TOYOTA MOTOR CREDIT CORP	4/6/2023	1,798,542.00	1,802,862.00	0.31
TOYOTA MOTOR CREDIT CORP	6/18/2024	3,086,322.90	3,081,780.60	0.59
US BANCORP	2/5/2024	2,107,940.00	2,141,540.00	0.44
US BANCORP	7/30/2024	2,662,075.00	2,632,650.00	0.56
VISA INC	12/14/2022	1,962,480.00	2,063,460.00	0.16
WALMART INC	6/26/2023	3,083,010.00	3,167,940.00	0.32
WALMART INC	6/26/2023	2,056,460.00	2,111,960.00	0.32
ASSOCIATION OF AMERICAN MEDICAL COLLEGES	10/1/2022	2,990,000.00	3,022,501.30	0.99
BAYCARE HEALTH SYSTEM INC	11/15/2022	1,456,344.00	1,479,556.80	0.47
COMCAST CORP	10/15/2025	4,042,256.85	4,054,186.35	0.88
CREDIT SUISSE AG (NEW YORK BRANCH)	2/2/2024	2,655,000.00	2,648,548.35	0.59
GEORGIA-PACIFIC LLC	5/15/2024	3,064,049.85	3,072,846.40	0.53
HORMEL FOODS CORP	6/3/2024	3,344,397.90	3,355,904.70	0.26
HUNTINGTON NATIONAL BANK	8/7/2022	2,024,431.10	2,011,626.10	0.24
MASSMUTUAL GLOBAL FUNDING II	6/9/2023	3,982,648.85	4,026,125.20	0.29
NATIONAL SECURITIES CLEARING CORP	4/23/2023	3,162,024.90	3,213,456.15	0.31
NEW YORK LIFE GLOBAL FUNDING	5/5/2023	2,084,562.15	2,116,379.25	0.24
PACIFIC LIFE GLOBAL FUNDING II	9/23/2023	2,022,468.75	2,033,444.25	0.30
PROTECTIVE LIFE GLOBAL FUNDING	6/9/2023	3,500,000.00	3,547,775.00	0.34
SECURITY BENEFIT GLOBAL FUNDING	5/17/2024	3,128,810.60	3,139,953.40	1.13
TOYOTA MOTOR CREDIT CORP	1/11/2024	2,544,847.30	2,544,160.15	0.46
VIRGINIA ELECTRIC AND POWER CO	3/15/2023	2,087,580.00	2,066,460.00	0.33
ADOBE INC	2/1/2023	768,945.10	786,578.10	0.26
ADOBE INC	2/1/2023	334,541.05	342,212.55	0.26
AMAZON.COM INC	5/12/2024	1,427,912.20	1,429,871.30	0.45
AMAZON.COM INC	5/12/2024	619,094.80	619,944.20	0.45
AMERICAN EXPRESS CO	5/20/2022	1,088,692.00	1,109,412.90	0.27
AMERICAN EXPRESS CO	5/20/2022	469,436.00	478,370.70	0.27
AMERIPRISE FINANCIAL INC	3/22/2022	1,037,223.20	1,058,491.20	0.24
AMERIPRISE FINANCIAL INC	3/22/2022	119,679.60	122,133.60	0.24
AMERIPRISE FINANCIAL INC	3/22/2022	498,863.00	508,890.00	0.24
APPLE INC	5/11/2023	1,007,252.80	1,018,716.30	0.26
APPLE INC	5/11/2023	433,816.80	438,754.05	0.26
TRUIST FINANCIAL CORP	3/16/2023	1,358,993.60	1,400,364.80	0.26
TRUIST FINANCIAL CORP	3/16/2023	584,567.10	602,362.80	0.26
BANK OF NEW YORK MELLON CORP	4/28/2023	947,355.50	961,051.00	0.27
BANK OF NEW YORK MELLON CORP	4/28/2023	404,968.45	410,822.90	0.27
CATERPILLAR FINANCIAL SERVICES CORP	11/29/2022	596,301.20	608,349.00	0.21
CATERPILLAR FINANCIAL SERVICES CORP	11/29/2022	262,776.80	268,086.00	0.21
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	948,679.50	968,078.50	0.17
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	404,437.05	412,707.15	0.17
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	1,029,526.20	1,053,988.70	0.16
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	439,797.60	450,247.60	0.16
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	1,448,057.00	1,452,755.00	0.38
CATERPILLAR FINANCIAL SERVICES CORP	5/17/2024	624,162.50	626,187.50	0.38
CHEVRON CORP	5/11/2023	320,000.00	324,777.60	0.30
CHEVRON CORP	5/11/2023	135,000.00	137,015.55	0.30
CISCO SYSTEMS INC	9/20/2021	1,325,970.10	1,331,064.00	0.41

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CISCO SYSTEMS INC	9/20/2021	568,272.90	570,456.00	0.41
CITIGROUP INC	12/8/2021	708,981.00	704,963.00	0.29
CITIGROUP INC	12/8/2021	303,849.00	302,127.00	0.29
CITIGROUP GLOBAL MARKETS HOLDINGS INC	6/7/2024	1,400,000.00	1,393,770.00	0.91
CITIGROUP GLOBAL MARKETS HOLDINGS INC	6/7/2024	600,000.00	597,330.00	0.91
COMERICA INC	7/31/2023	1,484,014.00	1,486,660.00	0.45
COMERICA INC	7/31/2023	636,006.00	637,140.00	0.45
CONSUMERS ENERGY CO	6/1/2023	409,860.60	410,123.00	0.33
CONSUMERS ENERGY CO	6/1/2023	169,942.20	170,051.00	0.33
JOHN DEERE CAPITAL CORP	6/13/2022	659,148.60	670,124.40	0.18
JOHN DEERE CAPITAL CORP	6/13/2022	279,638.80	284,295.20	0.18
JOHN DEERE CAPITAL CORP	4/6/2023	359,913.60	365,889.60	0.23
JOHN DEERE CAPITAL CORP	4/6/2023	159,961.60	162,617.60	0.23
DUKE ENERGY CAROLINAS LLC	3/15/2023	995,766.05	1,016,244.20	0.32
DUKE ENERGY CAROLINAS LLC	3/15/2023	753,142.85	768,631.40	0.32
DUKE ENERGY CAROLINAS LLC	3/15/2023	753,142.85	768,631.40	0.32
ERP OPERATING LP	4/15/2023	1,355,016.00	1,339,703.70	0.35
ERP OPERATING LP	4/15/2023	578,770.40	572,230.03	0.35
ENTERGY LOUISIANA LLC	11/17/2023	760,160.20	760,600.40	0.35
ENTERGY LOUISIANA LLC	11/17/2023	290,139.20	290,229.10	0.35
ENTERGY LOUISIANA LLC	11/17/2023	449,919.00	450,355.50	0.35
FIFTH THIRD BANK NA (OHIO)	1/30/2023	1,029,134.80	1,052,670.30	0.24
FIFTH THIRD BANK NA (OHIO)	1/30/2023	444,626.20	454,794.45	0.24
HORMEL FOODS CORP	6/3/2024	259,953.20	260,847.60	0.26
HORMEL FOODS CORP	6/3/2024	104,981.10	105,342.30	0.26
HUNTINGTON NATIONAL BANK	2/3/2023	1,099,076.00	1,123,540.00	0.29
HUNTINGTON NATIONAL BANK	2/3/2023	469,605.20	480,058.00	0.29
KEYBANK NA	3/7/2023	101,937.64	102,770.64	0.33
KEYBANK NA	3/7/2023	311,595.00	314,604.00	0.33
KEYBANK NA	3/7/2023	150,524.50	152,058.60	0.33
KEYBANK NA	3/7/2023	821,620.13	825,311.16	0.33
KEYBANK NA	3/7/2023	592,902.60	597,747.60	0.33
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	4/25/2022	845,636.40	851,634.00	0.27
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	4/25/2022	362,415.60	364,986.00	0.27
NIKE INC	3/27/2025	89,877.60	95,329.80	0.72
NIKE INC	3/27/2025	44,938.80	47,664.90	0.72
OKLAHOMA GAS AND ELECTRIC CO	5/26/2023	430,000.00	430,232.20	0.38
OKLAHOMA GAS AND ELECTRIC CO	5/26/2023	190,000.00	190,102.60	0.38
PNC BANK NA	2/24/2023	220,000.00	221,786.40	0.31
PNC BANK NA	2/24/2023	95,000.00	95,771.40	0.31
PACCAR FINANCIAL CORP	9/26/2022	499,390.00	509,980.00	0.27
PACCAR FINANCIAL CORP	9/26/2022	214,737.70	219,291.40	0.27
PACCAR FINANCIAL CORP	2/7/2023	1,399,930.00	1,434,356.00	0.28
PACCAR FINANCIAL CORP	2/7/2023	599,970.00	614,724.00	0.28
PRECISION CASTPARTS CORP	1/15/2023	1,370,472.00	1,397,386.40	0.22
PRECISION CASTPARTS CORP	1/15/2023	594,543.00	606,219.10	0.22
SALESFORCE.COM INC	7/15/2024	349,821.50	350,945.00	0.34
SALESFORCE.COM INC	7/15/2024	149,923.50	150,405.00	0.34
CHARLES SCHWAB CORP	3/18/2024	1,229,385.00	1,239,102.00	0.46
CHARLES SCHWAB CORP	3/18/2024	524,737.50	528,885.00	0.46
UNITEDHEALTH GROUP INC	5/15/2024	1,188,762.40	1,191,939.70	0.34
UNITEDHEALTH GROUP INC	5/15/2024	514,464.40	515,839.45	0.34
WALMART INC	12/15/2022	920,331.20	914,884.40	0.18
WALMART INC	12/15/2022	403,291.20	400,904.40	0.18
WELLS FARGO BANK NA	10/22/2021	939,896.60	944,277.00	0.41
WELLS FARGO BANK NA	10/22/2021	399,956.00	401,820.00	0.41
ADOBE INC	2/1/2023	314,568.45	321,781.95	0.26
ADOBE INC	2/1/2023	134,815.05	137,906.55	0.26
AMAZON.COM INC	6/3/2023	1,408,026.00	1,412,157.30	0.32
AMAZON.COM INC	6/3/2023	614,139.00	615,940.95	0.32
AMAZON.COM INC	5/12/2024	2,047,007.00	2,049,815.50	0.45
AMAZON.COM INC	5/12/2024	888,700.60	889,919.90	0.45
AMERICAN HONDA FINANCE CORP	6/27/2022	2,647,562.00	2,697,859.00	0.21
AMERICAN HONDA FINANCE CORP	6/27/2022	1,148,942.00	1,170,769.00	0.21
APPLE INC	9/11/2022	409,930.30	416,929.00	0.18
APPLE INC	9/11/2022	179,969.40	183,042.00	0.18
APPLE INC	5/11/2023	1,027,198.40	1,038,888.90	0.26
APPLE INC	5/11/2023	448,776.00	453,883.50	0.26
ASTRAZENECA FINANCE LLC	5/28/2024	1,339,879.40	1,342,170.80	0.50
ASTRAZENECA FINANCE LLC	5/28/2024	584,947.35	585,947.70	0.50
BANK OF NEW YORK MELLON CORP	8/23/2022	1,199,616.00	1,221,540.00	0.26
BANK OF NEW YORK MELLON CORP	8/23/2022	524,832.00	534,423.75	0.26
BANK OF NEW YORK MELLON CORP	1/27/2023	764,464.50	783,390.60	0.16
BANK OF NEW YORK MELLON CORP	1/27/2023	334,765.50	343,053.40	0.16
BANK OF NEW YORK MELLON CORP	4/24/2025	890,619.00	895,317.00	0.79
BANK OF NEW YORK MELLON CORP	4/24/2025	389,006.00	391,058.00	0.79
BRISTOL-MYERS SQUIBB CO	11/13/2023	1,325,000.00	1,326,351.50	0.18
BRISTOL-MYERS SQUIBB CO	11/13/2023	575,000.00	575,586.50	0.18
BURLINGTON NORTHERN SANTA FE LLC	4/1/2025	527,548.70	527,573.20	0.73
BURLINGTON NORTHERN SANTA FE LLC	4/1/2025	226,092.30	226,102.80	0.73
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	728,985.30	743,891.90	0.17
CATERPILLAR FINANCIAL SERVICES CORP	9/6/2022	319,555.20	326,089.60	0.17
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	349,839.00	358,151.50	0.16
CATERPILLAR FINANCIAL SERVICES CORP	11/18/2022	149,931.00	153,493.50	0.16
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	784,560.40	790,479.30	0.29
CATERPILLAR FINANCIAL SERVICES CORP	7/7/2023	339,809.60	342,373.20	0.29
CHEVRON CORP	5/11/2023	610,000.00	619,107.30	0.30
CHEVRON CORP	5/11/2023	265,000.00	268,956.45	0.30
JOHN DEERE CAPITAL CORP	7/5/2023	279,770.40	282,136.40	0.30
JOHN DEERE CAPITAL CORP	7/5/2023	119,901.60	120,915.60	0.30
JOHN DEERE CAPITAL CORP	1/17/2024	554,605.95	555,271.95	0.43
JOHN DEERE CAPITAL CORP	1/17/2024	239,829.60	240,117.60	0.43
GOLDMAN SACHS GROUP INC	3/3/2024	308,599.20	303,405.20	0.74
GOLDMAN SACHS GROUP INC	3/3/2024	132,256.80	130,030.80	0.74
GOLDMAN SACHS GROUP INC	1/27/2023	700,000.00	700,378.00	0.37
GOLDMAN SACHS GROUP INC	1/27/2023	300,000.00	300,162.00	0.37
HONEYWELL INTERNATIONAL INC	8/8/2022	544,449.55	554,891.75	0.21
HONEYWELL INTERNATIONAL INC	8/8/2022	234,762.65	239,265.25	0.21
INTERNATIONAL BUSINESS MACHINES CORP	2/12/2024	720,041.50	705,441.55	0.56
INTERNATIONAL BUSINESS MACHINES CORP	2/12/2024	307,804.00	301,562.80	0.56
JPMORGAN CHASE & CO	4/1/2023	695,000.00	708,295.35	0.34
JPMORGAN CHASE & CO	4/1/2023	305,000.00	310,834.65	0.34
MORGAN STANLEY	5/19/2022	347,679.50	357,080.50	0.23
MORGAN STANLEY	5/19/2022	149,005.50	153,034.50	0.23
MORGAN STANLEY	2/25/2023	738,979.60	731,244.25	0.41
MORGAN STANLEY	2/25/2023	324,300.40	320,905.75	0.41
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/8/2024	564,610.15	561,971.60	0.56
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2/8/2024	244,830.95	243,686.80	0.56
NORTHERN TRUST CORP	8/2/2022	703,437.30	709,747.90	0.26
NORTHERN TRUST CORP	8/2/2022	308,702.70	311,472.10	0.26
PNC BANK NA	2/24/2023	560,000.00	564,547.20	0.31

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<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
PNC BANK NA	2/24/2023	240,000.00	241,948.80	0.31
PACCAR FINANCIAL CORP	8/11/2023	314,587.35	315,478.80	0.27
PACCAR FINANCIAL CORP	8/11/2023	134,823.15	135,205.20	0.27
PEPSICO INC	5/1/2023	643,722.90	650,766.30	0.24
PEPSICO INC	5/1/2023	279,445.60	282,503.20	0.24
CHARLES SCHWAB CORP	3/18/2024	889,555.00	896,586.00	0.46
CHARLES SCHWAB CORP	3/18/2024	389,805.00	392,886.00	0.46
TOYOTA MOTOR CREDIT CORP	1/11/2024	1,499,910.00	1,499,505.00	0.46
TOYOTA MOTOR CREDIT CORP	1/11/2024	649,961.00	649,785.50	0.46
TOYOTA MOTOR CREDIT CORP	4/6/2023	409,667.90	410,651.90	0.31
TOYOTA MOTOR CREDIT CORP	4/6/2023	174,858.25	175,278.25	0.31
UNITEDHEALTH GROUP INC	5/15/2024	963,996.40	966,572.95	0.34
UNITEDHEALTH GROUP INC	5/15/2024	419,563.20	420,684.60	0.34
SUB-TOTAL		197,403,430.02	199,759,492.13	

MORTGAGE AND ASSET-BACK SECURITIES

HAROT 2020-1 A3	4/22/2024	2,939,423.76	2,978,955.00	0.43
HAROT 2019-3 A3	8/15/2023	2,367,557.87	2,388,222.80	0.50
HART 2021-A A3	9/15/2025	1,759,814.85	1,761,161.60	0.35
HART 2021-B A3	1/15/2026	3,614,202.17	3,615,036.15	0.59
JDOT 2019-B A3	12/15/2023	947,407.15	959,292.34	0.30
JDOT 2020 A3	8/15/2024	2,124,870.16	2,144,252.50	0.35
MBALT 2021-B A3	11/15/2024	1,989,849.76	1,992,487.50	0.33
MBALT 2020-A A3	12/15/2022	1,320,126.39	1,329,001.18	-0.04
NAROT 2019-C A3	7/15/2024	2,871,403.29	2,902,050.81	0.75
TAOT 2020-D A3	1/15/2025	1,689,685.15	1,691,639.30	0.29
TAOT 2021-A A3	5/15/2025	3,699,313.28	3,699,704.00	0.26
CNH 2020-A A2	7/17/2023	231,728.91	232,082.15	0.39
CARMX 2020-3 B	3/16/2026	737,328.52	738,241.70	0.76
CARMX 2019-3 A4	4/15/2025	470,640.63	471,193.45	0.76
CARMX 2019-4 B	7/15/2025	1,758,871.25	1,759,192.96	1.09
CARMX 2020-1 A3	12/16/2024	1,024,798.90	1,041,605.00	0.68
CARMX 2020-1 A4	6/16/2025	4,262,480.39	4,256,905.91	0.62
FH G12952	12/1/2022	56,388.78	55,492.12	1.32
FNA 2012-M9 A2	4/25/2022	173,699.07	174,229.32	0.29
FNA 2012-M9 A2	4/25/2022	35,791.14	35,901.80	0.29
FNA 2012-M17 A2	11/25/2022	286,697.42	302,625.16	0.21
FHR 3806 L	2/15/2026	293,335.59	292,240.20	0.24
FHMS 2011-K016 A2	10/25/2021	904,525.50	909,199.61	0.03
FHMS 2011-K016 A2	10/25/2021	261,093.51	257,507.52	0.03
FHMS K-020 A2	5/25/2022	484,675.58	503,222.48	0.19
FHMS K-020 A2	5/25/2022	96,927.35	100,644.50	0.19
FHMS K-020 A2	5/25/2022	193,171.68	201,288.99	0.19
FHMS K-021 A2	6/25/2022	964,991.99	998,666.36	0.43
FHMS K-023 A1	4/25/2022	22,601.40	23,357.98	0.21
FHMS K-023 A1	4/25/2022	110,528.66	112,702.28	0.21
FHMS K-025 A1	4/25/2022	46,004.05	46,542.63	0.19
FHMS K-025 A2	10/25/2022	500,603.91	502,676.30	0.24
FHMS K-025 A2	10/25/2022	3,611,499.61	3,626,450.45	0.24
FHMS K-S01 A2	1/25/2023	200,184.67	209,300.45	0.35
FHMS K-Q27 A1	9/25/2022	25,194.41	26,047.16	0.18
FHMS K-Q27 A2	1/25/2023	2,101,558.59	2,161,530.00	0.30
FHMS K-Q27 A2	1/25/2023	1,875,366.21	1,929,937.50	0.30
FHR 4285 BA	12/15/2023	440,372.60	438,997.84	0.54
FHMS K-041 A1	8/25/2024	1,794,091.44	1,779,420.86	0.31
FHMS K-046 A1	1/25/2025	600,697.16	599,052.21	0.25
FHMS K-PLB A	5/25/2025	2,156,328.13	2,153,720.00	0.68
FHMS K-047 A1	12/25/2024	670,580.84	683,647.49	0.30
FHMS K-050 A1	1/25/2025	2,614,189.33	2,596,644.84	0.18
FHMS K-051 A2	9/25/2025	4,348,857.42	4,333,071.00	0.82
FHMS K-051 A2	9/25/2025	330,046.88	329,094.00	0.82
FHMS K-051 A2	9/25/2025	1,337,686.53	1,332,830.70	0.82
FHMS K-052 A2	11/25/2025	985,992.19	983,043.00	0.84
FN AM0359	8/1/2022	2,642,838.12	2,648,815.98	0.88
FN AM8892	7/1/2025	2,446,965.01	2,444,015.29	1.11
FN AM8730	7/1/2025	1,801,723.31	1,802,465.07	0.72
FN AN0429	1/1/2025	983,211.66	974,318.43	0.61
FNR 0338C MP	5/25/2023	139,689.86	138,646.97	0.79
FNR 0338C MP	5/25/2023	153,760.15	152,245.82	0.79
FNR 0333J LB	5/25/2023	86,861.28	86,197.84	1.21
FNR 0364L HQ	7/25/2023	96,482.58	96,359.60	0.76
FHR 2666 OD	8/15/2023	89,975.10	89,638.73	1.15
FHR 2666 OD	8/15/2023	93,612.88	93,108.61	1.15
FHR 2756 KA	2/15/2024	364,596.98	359,725.80	1.09
FNR 2008-45 DB	6/25/2023	103,115.89	102,732.17	0.55
FN BM6007	5/1/2023	432,370.44	423,480.26	0.95
FORDF 2017-3 A	9/15/2022	776,132.81	768,630.00	0.27
FORDF 2019-2 B	4/15/2024	1,831,369.92	1,829,187.00	0.65
FORDF 2019-3 A1	9/15/2024	4,105,937.50	4,088,560.00	0.26
FORDF 2020-1 A1	9/15/2025	1,007,617.19	1,005,980.00	0.42
MMAF 20B A3	8/14/2025	3,469,950.38	3,474,649.80	0.45
MMAF 20A A2	4/9/2024	1,415,239.81	1,420,707.39	0.12
PFSFC 2019-A A2	4/15/2024	517,893.52	512,043.94	0.32
PFSFC 20B A	6/17/2024	1,564,789.51	1,577,175.70	0.32
PFSFC 20E A	10/15/2025	302,156.25	303,090.00	0.53
PFSFC 20E A	10/15/2025	1,007,421.87	1,010,300.00	0.53
SCART 20A A	10/15/2024	1,292,921.79	1,300,915.12	0.57
BMWLT 2021-1 A4	7/25/2024	939,962.69	941,325.40	0.29
BMWLT 2021-1 A4	7/25/2024	409,983.72	410,578.10	0.29
COPAR 2020-1 A3	11/15/2024	1,489,683.22	1,508,461.10	0.59
COPAR 2020-1 A3	11/15/2024	639,863.94	647,929.60	0.59
CARMX 2021-2 A3	2/17/2026	2,339,495.73	2,343,463.20	0.46
CARMX 2021-2 A3	2/17/2026	1,009,782.35	1,011,494.80	0.46
CARMX 2021-3 A3	6/15/2026	2,899,522.95	2,900,000.00	0.55
CARMX 2021-3 A3	6/15/2026	1,249,794.38	1,250,000.00	0.55
DRIVE 2020-2 A3	5/15/2024	439,983.19	440,708.40	0.38
DRIVE 2020-2 A3	5/15/2024	189,992.74	190,305.90	0.38
DRIVE 2021-1 A3	11/15/2024	909,946.49	912,056.60	0.26
DRIVE 2021-1 A3	11/15/2024	389,977.07	390,881.40	0.26
EART 2021-2 A3	10/15/2024	1,189,897.30	1,190,154.70	0.29
EART 2021-2 A3	10/15/2024	509,955.99	510,066.30	0.29
FHMS K-SMC A2	1/25/2023	308,728.52	320,409.80	0.23
FHMS K-SMC A2	1/25/2023	2,030,198.44	2,108,503.20	0.23
FHMS K-SMC A2	1/25/2023	410,500.00	413,432.00	0.23
FHMS K-SMC A2	1/25/2023	1,175,160.15	1,219,624.40	0.23
FHMS K-717 A2	9/25/2021	355,863.15	352,310.13	-0.19
FHMS K-717 A2	9/25/2021	179,796.78	178,001.64	-0.19
FHMS K-724 A1	3/25/2023	225,987.42	232,373.06	0.35
FHMS K-724 A1	3/25/2023	267,121.86	270,475.86	0.35
FHMS K-J33 A1	12/25/2025	997,462.18	994,833.08	0.52
FHMS K-J33 A1	12/25/2025	435,918.88	434,766.59	0.52

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FHMS K-727 A2	7/25/2024	3,135,638.67	3,071,359.50	0.88
FHMS K-727 A2	7/25/2024	1,357,699.22	1,329,867.00	0.88
FHMS K-J23 A2	12/25/2022	612,670.88	616,871.29	0.80
FHMS K-J23 A2	12/25/2022	291,386.67	289,623.50	0.80
FHMS K-J30 A1	1/25/2025	1,093,284.85	1,092,511.03	0.54
FHMS K-J30 A1	1/25/2025	475,873.44	475,531.01	0.54
GMCAR 212 A3	4/16/2026	449,960.45	451,881.00	0.35
GMCAR 212 A3	4/16/2026	199,982.42	200,836.00	0.35
HDMOT 2019-A A3	2/15/2024	1,587,759.16	1,600,807.42	0.81
HDMOT 2019-A A3	2/15/2024	680,468.21	686,060.32	0.81
HAROT 2019-3 A3	8/15/2023	1,078,887.13	1,088,304.06	0.50
HAROT 2019-3 A3	8/15/2023	470,942.80	475,053.36	0.50
JDOT 2019 A3	7/17/2023	589,698.60	596,329.34	0.39
JDOT 2019 A3	7/17/2023	254,944.88	257,811.56	0.39
JDOT 2020 A3	8/15/2024	1,959,880.24	1,977,757.60	0.35
JDOT 2020 A3	8/15/2024	839,948.68	847,610.40	0.35
MBALT 2020-A A3	12/15/2022	674,107.09	678,638.90	-0.04
MBALT 2020-A A3	12/15/2022	290,240.55	292,191.75	-0.04
SDART 2020-3	7/15/2024	1,729,834.61	1,732,110.60	0.30
SDART 2020-3	7/15/2024	739,929.26	740,902.80	0.30
SDART 2021-1 A3	9/16/2024	2,059,913.07	2,062,781.00	0.20
SDART 2021-1 A3	9/16/2024	889,962.44	891,201.50	0.20
SDART 2021-3 A3	3/17/2025	1,049,887.23	1,051,354.50	0.25
SDART 2021-3 B	12/15/2025	1,449,739.00	1,452,233.00	0.53
TAOT 2019-C A3	9/15/2023	1,003,209.67	1,012,487.63	0.44
TAOT 2019-C A3	9/15/2023	431,066.66	435,053.28	0.44
VWALT 2019-A A3	11/21/2022	529,807.31	532,624.19	0.09
VWALT 2019-A A3	11/21/2022	233,474.62	234,715.74	0.09
WOLS 2021-A A3	8/15/2024	2,099,750.94	2,100,000.00	0.42
WOLS 2021-A A3	8/15/2024	899,893.26	900,000.00	0.42
ALLYA 2019-1 A3	9/15/2023	403,038.40	407,033.32	1.12
ALLYA 2019-1 A3	9/15/2023	206,965.66	209,017.10	1.12
BMWLT 2021-1 A3	1/25/2024	534,983.04	535,834.60	0.16
BMWLT 2021-1 A3	1/25/2024	234,992.55	235,366.60	0.16
COPAR 2019-1 A3	11/15/2023	349,571.58	353,324.15	0.92
COPAR 2019-1 A3	11/15/2023	174,785.79	176,662.08	0.92
CARMX 2021-2 A3	2/17/2026	914,802.82	916,354.20	0.46
CARMX 2021-2 A3	2/17/2026	399,913.80	400,592.00	0.46
CARMX 2020-4 A3	8/15/2025	329,927.37	331,178.10	0.33
CARMX 2020-4 A3	8/15/2025	144,968.08	145,517.65	0.33
CARMX 2021-1 A3	12/15/2025	454,910.09	454,808.90	0.36
CARMX 2021-1 A3	12/15/2025	194,961.47	194,918.10	0.36
CARMX 2021-3 A3	6/15/2026	1,759,710.48	1,760,000.00	0.55
CARMX 2021-3 A3	6/15/2026	764,874.16	765,000.00	0.55
DCENT 2019-3 A	10/15/2024	694,850.71	708,969.50	0.23
DCENT 2019-3 A	10/15/2024	304,934.49	311,130.50	0.23
FNA 2012-M5 A2	2/25/2022	242,699.60	245,121.04	1.06
FNA 2012-M5 A2	2/25/2022	104,014.11	105,051.88	1.06
FNA 2013-M1 A2	8/25/2022	505,398.06	508,570.14	0.08
FNA 2013-M1 A2	8/25/2022	216,599.17	217,958.63	0.08
FNA 2013-M7 A2	12/25/2022	456,443.66	460,398.96	-0.07
FNA 2013-M7 A2	12/25/2022	187,258.94	188,881.63	-0.07
FHMS K-018 A2	1/25/2022	2,177,474.88	2,203,851.87	0.31
FHMS K-018 A2	1/25/2022	948,403.41	959,891.96	0.31
FHMS K-019 A2	3/25/2022	1,564,009.67	1,599,501.34	0.20
FHMS K-019 A2	3/25/2022	695,076.55	710,849.74	0.20
FHMS K-022 A2	7/25/2022	829,592.11	840,616.83	0.28
FHMS K-022 A2	7/25/2022	364,017.13	368,854.67	0.28
FHMS K-023 A1	4/25/2022	226,967.66	233,579.85	0.21
FHMS K-023 A2	8/25/2022	1,238,014.06	1,240,654.60	0.44
FHMS K-023 A2	8/25/2022	537,825.78	538,972.90	0.44
FHMS K-026 A2	11/25/2022	2,260,931.25	2,275,344.60	0.31
FHMS K-026 A2	11/25/2022	510,800.78	512,465.00	0.31
FHMS K-026 A2	11/25/2022	1,201,756.25	1,209,417.40	0.31
FHMS K-029 A1	10/25/2022	142,845.80	144,216.66	0.15
FHMS K-029 A1	10/25/2022	260,965.10	263,800.04	0.15
FHMS K-034 A1	2/25/2023	339,733.23	346,240.89	0.23
FHMS K-034 A1	2/25/2023	155,402.45	158,379.22	0.23
FHMS K-035 A1	3/25/2023	239,054.01	244,147.95	0.18
FHMS K-035 A1	3/25/2023	201,246.84	205,535.16	0.18
FHMS K-717 A2	9/25/2021	168,187.47	168,120.04	-0.19
FHMS K-717 A2	9/25/2021	89,036.52	89,000.82	-0.19
FHMS K-720 A2	6/25/2022	1,227,933.99	1,247,195.40	0.35
FHMS K-720 A2	6/25/2022	1,005,312.50	1,013,980.00	0.35
FHMS K-720 A2	6/25/2022	968,370.70	983,560.60	0.35
FHMS K-P05 A	7/25/2023	134,717.17	137,289.33	0.96
FHMS K-J27 A1	7/25/2024	794,718.80	817,165.38	0.44
FITAT 2019-1 A3	12/15/2023	327,092.66	330,534.37	0.97
FORDO 2021-A A3	8/15/2025	599,949.42	600,018.00	0.30
FORDO 2021-A A3	8/15/2025	259,978.08	260,007.80	0.30
GMCAR 2019-1 A3	11/16/2023	852,832.54	861,251.52	1.07
GMCAR 2020-3 A3	4/16/2025	629,855.86	631,751.40	0.28
GMCAR 2020-3 A3	4/16/2025	269,938.22	270,750.60	0.28
GMCAR 2020-4 A3	8/18/2025	294,936.96	295,442.50	0.30
GMCAR 2020-4 A3	8/18/2025	129,972.22	130,195.00	0.30
GMALT 2021-1 A3	2/20/2024	754,922.69	755,777.65	0.18
GMALT 2021-1 A3	2/20/2024	329,966.21	330,339.90	0.18
GMALT 2019-3 A3	6/20/2022	158,844.11	159,125.34	1.05
HDMOT 2020-A A3	10/15/2024	577,222.34	582,908.13	0.73
HDMOT 2020-A A3	10/15/2024	250,760.52	253,230.58	0.73
HAROT 2018-4 A3	1/15/2023	329,985.62	332,800.65	0.82
HAROT 2018-3 A3	8/22/2022	203,879.69	204,786.51	0.61
HALST 2021-A A3	1/16/2024	344,956.94	345,262.20	0.27
HALST 2021-A A3	1/16/2024	149,981.28	150,114.00	0.27
HART 2019-A A3	6/15/2023	217,688.37	219,663.41	0.72
HART 2021-A A3	9/15/2025	604,936.36	605,399.30	0.35
HART 2021-A A3	9/15/2025	264,972.12	265,174.90	0.35
KCOT 211 A3	8/15/2025	639,869.06	641,683.20	0.50
KCOT 211 A3	8/15/2025	274,943.73	275,723.25	0.50
MBALT 2020-B A3	11/15/2023	179,990.88	180,399.60	0.19
MBALT 2020-B A3	11/15/2023	79,995.94	80,177.60	0.19
MBART 2020-1 A3	2/18/2025	434,966.03	436,914.00	0.23
MBART 2020-1 A3	2/18/2025	189,985.16	190,836.00	0.23
MBART 2018-1 A3	1/15/2023	237,832.44	238,926.13	0.84
NALT 2019-B A3	7/15/2022	142,431.85	142,788.92	0.19
NAROT 2018-C A3	6/15/2023	249,665.88	252,278.28	1.09
NAROT 2018-C A3	6/15/2023	124,832.94	126,139.14	1.09
NAROT 2020-B A3	7/15/2024	799,978.08	802,424.00	0.28
NAROT 2020-B A3	7/15/2024	349,990.41	351,060.50	0.28
NAROT 2018-B A3	3/15/2023	429,229.67	433,377.20	0.38
NAROT 2019-C A3	7/15/2024	612,177.35	618,711.34	0.75

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NAROT 2019-C A3	7/15/2024	262,361.72	265,162.00	0.75
NAROT 2019-A A3	10/16/2023	845,308.33	855,040.57	1.04
NAROT 2019-A A3	10/16/2023	416,151.79	420,943.05	1.04
TAOT 2018-D A3	3/15/2023	224,525.57	226,527.94	0.82
TAOT 2018-D A3	3/15/2023	149,683.71	151,018.63	0.82
TAOT 2018-B A3	9/15/2022	164,761.49	165,264.83	0.51
TAOT 2019-C A3	9/15/2023	587,818.17	593,254.47	0.44
TAOT 2019-C A3	9/15/2023	274,315.15	276,852.09	0.44
VZOT 2020-B A	2/20/2025	559,882.40	561,887.20	0.21
VZOT 2020-B A	2/20/2025	239,949.60	240,808.80	0.21
VZOT 2019-C A1A	4/22/2024	994,923.28	1,007,925.05	0.17
VZOT 2019-C A1A	4/22/2024	429,966.85	435,585.70	0.17
VZOT 2020-A A1A	7/22/2024	699,918.03	711,249.00	0.22
VZOT 2020-A A1A	7/22/2024	299,964.87	304,821.00	0.22
VWALT 2019-A A3	11/21/2022	561,237.06	564,220.54	0.09
VWALT 2019-A A3	11/21/2022	246,944.31	248,257.04	0.09
VALET 2018-2 A3	4/20/2023	486,993.21	491,309.13	0.58
VALET 2018-2 A3	4/20/2023	222,625.47	224,598.46	0.58
WOART 2020-B A3	5/15/2025	699,945.12	703,157.00	0.33
WOART 2020-B A3	5/15/2025	299,976.48	301,353.00	0.33
SUB-TOTAL		187,043,051.43	187,959,292.92	

Municipal Debt

NEW YORK ST	2/15/2024	3,000,000.00	3,120,120.00	0.42
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	2,865,000.00	2,898,377.25	0.38
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,105,500.00	1,112,815.00	0.38
CALIFORNIA ST	4/1/2024	3,239,373.40	3,295,211.90	0.43
CHAFFEY CMNTY COLLEGE DIST CALIF	6/1/2022	715,000.00	723,444.15	0.19
COOPERATIVE RABOBANK UA (NEW YORK BRANCH)	1/12/2024	4,332,008.85	4,330,968.45	0.41
EL CAJON CALIF	4/1/2023	610,000.00	610,170.80	0.83
EL CAJON CALIF	4/1/2024	540,000.00	538,936.20	1.00
EL DORADO CALIF IRR DIST REV	3/1/2023	720,000.00	724,960.80	0.44
EL DORADO CALIF IRR DIST REV	3/1/2024	720,000.00	728,150.40	0.64
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2022	715,000.00	722,836.40	0.62
HAWAII ST ARPTS SYS CUSTOMER FAC CHARGE REV	7/1/2024	715,000.00	735,656.35	1.00
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	1,620,000.00	1,616,338.80	0.50
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	900,000.00	900,153.00	0.50
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2023	720,000.00	720,201.60	0.64
LOS ANGELES CNTY CALIF PUB WKS FING AUTH LEASE REV	12/1/2021	1,537,050.00	1,514,160.00	0.37
MASSACHUSETTS ST WTR RES AUTH IAM COMPL PAPER NTS 3	8/1/2023	2,365,000.00	2,436,233.80	0.26
NEW YORK STATE DORMITORY AUTHORITY	3/15/2025	2,690,000.00	2,699,630.20	0.79
OHLONE CALIF CMNTY COLLEGE DIST	8/1/2022	800,000.00	811,840.00	0.22
PASADENA CALIF PUB FING AUTH LEASE REV	12/1/2021	400,000.00	403,688.00	0.49
PENNSYLVANIA ST TPK COMMN TPK REV	12/1/2021	876,767.50	880,810.00	0.30
RANCHO SANTIAGO CALIF CMNTY COLLEGE DIST	9/1/2023	865,000.00	866,340.75	0.34
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2021	480,000.00	482,904.00	0.32
RHODE IS ST TPK & BRDG AUTH TOLL REV	12/1/2022	400,000.00	409,752.00	0.33
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2022	2,420,000.00	2,444,151.60	0.42
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2022	1,500,000.00	1,526,535.00	0.17
SAN DIEGO CNTY CALIF WTR AUTH WTR REV	5/1/2024	1,440,000.00	1,445,716.80	0.45
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	2,138,837.50	2,175,903.50	0.49
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2023	1,635,140.00	1,697,103.20	0.41
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2021	290,000.00	290,098.60	0.20
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2022	430,000.00	432,304.80	0.20
SAN JOSE EVERGREEN CALIF CMNTY COLLEGE DIST	9/1/2023	430,000.00	431,522.20	0.33
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2023	2,590,000.00	2,609,217.80	0.31
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2024	2,625,000.00	2,649,360.00	0.52
UTAH HSG CORP SINGLE FAMILY MTG REV	1/1/2022	875,000.00	880,241.25	0.67
UTAH HSG CORP SINGLE FAMILY MTG REV	7/1/2022	365,000.00	369,628.20	0.76
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2022	560,000.00	562,962.40	0.42
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	720,000.00	727,545.60	0.58
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	722,793.60	727,545.60	0.58
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	11/1/2023	728,517.60	727,545.60	0.58
ALAMEDA CNTY CALIF JT PWRS AUTH LEASE REV	6/1/2022	887,530.50	889,905.60	0.25
ALAMEDA CNTY CALIF JT PWRS AUTH LEASE REV	6/1/2022	387,657.00	388,694.40	0.25
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	2,590,000.00	2,669,823.80	0.33
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	1,110,000.00	1,144,210.20	0.33
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	1,074,139.50	1,062,232.50	0.38
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2022	460,345.50	455,242.50	0.38
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	550,000.00	565,741.00	0.51
BAY AREA TOLL AUTH CALIF TOLL BRDG REV	4/1/2023	240,000.00	246,868.80	0.51
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2023	260,000.00	265,202.60	0.43
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2023	105,000.00	107,101.05	0.43
CALIFORNIA ST	3/1/2022	633,452.80	602,045.80	0.16
CALIFORNIA ST	3/1/2022	267,579.20	127,156.23	0.16
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	312,863.98	298,250.96	0.52
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	333,842.71	330,125.06	0.52
CALIFORNIA ST PUB WKS BRD LEASE REV	12/1/2021	284,204.69	270,930.27	0.52
CALIFORNIA ST UNIV REV	11/1/2023	760,000.00	762,168.00	0.35
CALIFORNIA ST UNIV REV	11/1/2023	330,000.00	330,940.50	0.35
CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV	2/1/2023	610,000.00	609,920.70	0.35
CALIFORNIA STATEWIDE CMNTYS DEV AUTH REV	2/1/2023	265,000.00	264,965.55	0.35
CONTRA COSTA CALIF CMNTY COLLEGE DIST	8/1/2021	700,000.00	700,000.00	1.69
CONTRA COSTA CALIF CMNTY COLLEGE DIST	8/1/2021	300,000.00	300,000.00	1.69
EL SEGUNDO CALIF PENSION OBLIG	7/1/2023	970,000.00	969,941.80	0.37
EL SEGUNDO CALIF PENSION OBLIG	7/1/2023	415,000.00	414,975.10	0.37
LOS ALTOS CALIF SCH DIST	10/1/2024	2,486,088.50	2,485,672.00	0.54
LOS ALTOS CALIF SCH DIST	10/1/2024	1,065,466.50	1,065,288.00	0.54
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	1,120,000.00	1,116,830.40	1.02
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2025	480,000.00	478,641.60	1.02
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	713,692.00	721,553.00	0.52
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	11/1/2022	305,868.00	309,237.00	0.52
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2022	832,960.00	814,792.00	0.17
MASSACHUSETTS (COMMONWEALTH OF)	5/1/2022	354,008.00	346,286.60	0.17
OAKLAND-ALAMEDA CNTY CALIF COLISEUM AUTH LEASE REV	2/1/2023	740,908.00	729,120.00	0.56
OAKLAND-ALAMEDA CNTY CALIF COLISEUM AUTH LEASE REV	2/1/2023	317,532.00	312,480.00	0.56
PALM DESERT CALIF REDEV AGY SUCCESSOR AGY TAX ALLO	10/1/2022	783,413.40	789,619.60	0.56
PALM DESERT CALIF REDEV AGY SUCCESSOR AGY TAX ALLO	10/1/2022	330,661.50	333,281.00	0.56
REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	5/1/2026	1,045,000.00	1,065,910.45	0.89
REDONDO BEACH CALIF CMNTY FING AUTH LEASE REV	5/1/2026	450,000.00	459,004.50	0.89
RIVERSIDE CALIF UNI SCH DIST	2/1/2022	520,000.00	524,175.60	0.21
RIVERSIDE CALIF UNI SCH DIST	2/1/2022	230,000.00	231,846.90	0.21
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2023	960,000.00	987,609.60	0.49
RIVERSIDE CNTY CALIF PENSION OBLIG	2/15/2023	415,000.00	426,935.40	0.49
SACRAMENTO CNTY CALIF SANTN DIST FING AUTH REV	12/1/2023	1,050,000.00	1,054,798.00	0.56
SACRAMENTO CNTY CALIF SANTN DIST FING AUTH REV	12/1/2023	450,000.00	452,052.00	0.56
SAN BERNARDINO CALIF CMNTY COLLEGE DIST	8/1/2024	620,000.00	628,053.80	0.51
SAN BERNARDINO CALIF CMNTY COLLEGE DIST	8/1/2024	270,000.00	273,507.30	0.51
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2021	900,000.00	900,000.00	1.92
SAN DIEGO CALIF CMNTY COLLEGE DIST	8/1/2021	385,000.00	385,000.00	1.92
SAN DIEGO CALIF PUB FACS FING AUTH LEASE REV	10/15/2021	930,000.00	934,919.70	0.45
SAN DIEGO CALIF PUB FACS FING AUTH LEASE REV	10/15/2021	395,000.00	397,089.55	0.45

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<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>YIELD</u>
SAN FRANCISCO CALIF CITY & CNTY PUB UTILS COMMN WT	11/1/2022	440,000.00	448,888.00	0.33
SAN FRANCISCO CALIF CITY & CNTY PUB UTILS COMMN WT	11/1/2022	190,000.00	193,838.00	0.33
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	1,640,000.00	1,674,653.20	0.24
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	5/1/2022	710,000.00	725,002.30	0.24
SANTA BARBARA CNTY CALIF SOLID WASTE SYS REV CTFS	12/1/2021	280,000.00	262,433.60	0.51
SANTA BARBARA CNTY CALIF SOLID WASTE SYS REV CTFS	12/1/2021	115,000.00	116,076.40	0.51
SEMITROPIC IMPT DIST SEMITROPIC WTR STORAGE DIST C	12/1/2022	1,140,117.00	1,125,553.00	0.42
SEMITROPIC IMPT DIST SEMITROPIC WTR STORAGE DIST C	12/1/2022	497,505.80	491,150.40	0.42
SOUTHERN CALIF PUB PWR AUTH PWR PROJ REV	7/1/2023	1,910,000.00	1,914,813.20	0.40
SOUTHERN CALIF PUB PWR AUTH PWR PROJ REV	7/1/2023	825,000.00	827,079.00	0.40
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2022	1,099,170.00	1,093,521.60	0.30
UNIV CALIF REGTS MED CTR POOLED REV	5/15/2022	478,342.50	475,884.40	0.30
UNIVERSITY CALIF REVS	5/15/2022	1,344,703.40	1,371,717.80	0.29
UNIVERSITY CALIF REVS	5/15/2022	582,035.80	593,728.60	0.29
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2022	1,720,000.00	1,725,813.60	0.19
UPPER SANTA CLARA VY JT PWRS AUTH CALIF REV	8/1/2022	740,000.00	742,501.20	0.19
VALLEJO CALIF WTR REV	5/1/2023	590,000.00	597,935.50	0.70
VALLEJO CALIF WTR REV	5/1/2023	250,000.00	253,362.50	0.70
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2022	565,000.00	570,169.75	0.33
CALIFORNIA EARTHQUAKE AUTH REV	7/1/2022	250,000.00	252,287.50	0.33
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2022	435,000.00	436,044.00	0.17
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2022	190,000.00	190,456.00	0.17
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2023	160,000.00	160,342.40	0.32
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	12/1/2023	70,000.00	70,149.80	0.32
CALIFORNIA ST UNIV REV	11/1/2023	700,000.00	701,995.00	0.35
CALIFORNIA ST UNIV REV	11/1/2023	300,000.00	300,855.00	0.35
CONNECTICUT ST	7/1/2023	155,925.35	159,973.95	0.32
CONNECTICUT ST	7/1/2023	70,417.90	72,246.30	0.32
FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	715,000.00	727,097.80	0.82
FLORIDA ST BRD ADMIN FIN CORP REV	7/1/2025	310,000.00	315,245.20	0.82
LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2023	530,000.00	531,865.60	0.27
LOS ANGELES CALIF CMNTY COLLEGE DIST	8/1/2023	230,000.00	230,809.60	0.27
MARYLAND ST	8/1/2023	1,580,000.00	1,585,751.20	0.23
MARYLAND ST	8/1/2023	545,000.00	546,983.80	0.23
MISSISSIPPI ST	11/1/2023	645,000.00	647,083.35	0.28
MISSISSIPPI ST	11/1/2023	280,000.00	280,904.40	0.28
NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	595,000.00	598,135.65	0.74
NEW JERSEY ST TPK AUTH TPK REV	1/1/2025	255,000.00	256,343.85	0.74
NEW YORK ST URBAN DEV CORP REV	3/15/2023	640,000.00	639,104.00	0.57
NEW YORK ST URBAN DEV CORP REV	3/15/2023	275,000.00	274,615.00	0.57
NEW YORK ST URBAN DEV CORP REV	3/15/2024	1,945,000.00	1,937,258.90	0.77
NEW YORK ST URBAN DEV CORP REV	3/15/2024	845,000.00	841,636.90	0.77
PORT AUTH N Y & N J	7/1/2023	450,000.00	456,354.00	0.35
PORT AUTH N Y & N J	7/1/2023	1,101,416.70	1,110,461.40	0.35
PORT AUTH N Y & N J	7/1/2023	675,000.00	684,531.00	0.35
<i>SUB-TOTAL</i>		<u>113,442,836.49</u>	<u>114,193,870.07</u>	
<i>Variable & Floating Rate</i>				
JPMORGAN CHASE & CO	6/1/2025	865,000.00	865,709.30	0.83
JPMORGAN CHASE & CO	6/1/2025	2,308,757.15	2,306,890.10	0.83
JPMORGAN CHASE & CO	6/1/2025	1,151,840.00	1,150,943.00	0.83
JDOT 2021 A3	9/15/2025	1,454,720.35	1,456,367.70	0.32
TLOT-21A-A3	4/20/2024	2,344,726.34	2,344,725.64	0.40
BMW US CAPITAL LLC	4/1/2024	2,410,000.00	2,430,605.50	0.26
BANK OF AMERICA CORP	12/20/2023	2,879,411.20	2,836,283.60	0.46
BANK OF AMERICA CORP	10/24/2024	2,256,637.50	2,258,235.00	0.64
BANK OF AMERICA CORP	10/24/2024	802,424.00	802,928.00	0.64
CITIGROUP INC	5/1/2025	2,515,000.00	2,528,731.90	0.76
FHMS K-048 A2	6/25/2025	180,617.00	180,069.45	0.75
FHMS K-730 AM	1/25/2025	3,800,660.16	3,751,323.00	0.97
FN AL3382	3/1/2023	709,833.39	713,694.05	0.78
GOLDMAN SACHS GROUP INC	11/17/2023	3,560,000.00	3,561,068.00	0.60
GOLDMAN SACHS GROUP INC	11/17/2023	3,604,680.00	3,601,080.00	0.60
JPMORGAN CHASE & CO	12/5/2024	964,932.50	943,162.50	0.67
JPMORGAN CHASE & CO	12/5/2024	3,132,832.40	3,061,236.00	0.67
JPMORGAN CHASE & CO	12/5/2024	3,961,872.00	3,880,440.00	0.67
MORGAN STANLEY	11/10/2023	5,725,000.00	5,734,789.75	0.43
MORGAN STANLEY	11/10/2023	1,801,008.00	1,803,078.00	0.43
PNC BANK NA	2/24/2023	4,045,000.00	4,050,905.70	0.21
STATE STREET CORP	3/30/2023	1,750,000.00	1,779,907.50	0.26
TRUIST FINANCIAL CORP	6/9/2025	3,685,000.00	3,689,569.40	0.41
WELLS FARGO & CO	6/2/2024	6,140,580.00	6,127,740.00	0.49
BANK OF AMERICA CORP	10/22/2025	1,527,212.50	1,519,411.50	0.95
BANK OF AMERICA CORP	10/22/2025	658,281.25	654,918.75	0.95
BANK OF AMERICA CORP	10/24/2024	1,510,000.00	1,515,526.60	0.64
BANK OF AMERICA CORP	10/24/2024	645,000.00	647,360.70	0.64
BANK OF AMERICA CORP	4/22/2025	1,220,000.00	1,226,636.80	0.77
BANK OF AMERICA CORP	4/22/2025	525,000.00	527,856.00	0.77
CITIGROUP INC	10/30/2024	1,440,000.00	1,445,832.00	0.61
CITIGROUP INC	10/30/2024	625,000.00	627,531.25	0.61
CITIGROUP INC	5/1/2025	430,000.00	432,347.80	0.76
CITIGROUP INC	5/1/2025	185,000.00	186,010.10	0.76
FNA 2014-M8 A2	6/25/2024	1,423,141.08	1,398,447.05	0.31
FNA 2014-M8 A2	6/25/2024	617,704.84	606,986.57	0.31
FNA 2018-M5 A2	9/25/2021	7,861.44	7,713.90	0.92
FNA 2018-M5 A2	9/25/2021	3,345.30	3,282.51	0.92
FHMS K-029 A2	2/25/2023	1,172,193.75	1,166,435.20	0.33
FHMS K-029 A2	2/25/2023	820,581.64	822,753.40	0.33
FHMS K-029 A2	2/25/2023	1,797,539.45	1,760,067.40	0.33
FHMS K-029 A2	2/25/2023	1,078,080.08	1,072,703.80	0.33
FHMS K-029 A2	2/25/2023	544,232.81	541,559.20	0.33
FHMS K-031 A2	4/25/2023	2,631,514.84	2,587,621.40	0.33
FHMS K-031 A2	4/25/2023	1,139,967.97	1,120,953.40	0.33
FHMS K-032 A2	5/25/2023	2,655,776.95	2,741,439.60	0.34
FHMS K-032 A2	5/25/2023	1,149,819.14	1,186,906.80	0.34
FHMS K-033 A2	7/25/2023	2,665,809.38	2,659,100.60	0.42
FHMS K-033 A2	7/25/2023	1,143,989.06	1,141,110.10	0.42
FHMS K-105 A	7/25/2024	786,794.43	788,037.56	0.20
FHMS K-105 A	7/25/2024	337,197.61	337,730.38	0.20
FHMS Q-015 A	8/25/2024	1,454,577.69	1,454,584.62	0.25
FHMS Q-015 A	8/25/2024	623,493.15	623,486.22	0.25
FIRST REPUBLIC BANK	2/12/2024	350,000.00	357,255.50	0.55
FIRST REPUBLIC BANK	2/12/2024	150,000.00	153,109.50	0.55
GOLDMAN SACHS GROUP INC	6/5/2023	1,519,989.60	1,511,020.80	0.43
GOLDMAN SACHS GROUP INC	6/5/2023	657,292.80	653,414.40	0.43
GOLDMAN SACHS GROUP INC	3/8/2024	1,480,000.00	1,483,019.20	0.55
GOLDMAN SACHS GROUP INC	3/8/2024	635,000.00	636,295.40	0.55
GOLDMAN SACHS GROUP INC	10/31/2022	1,098,922.00	1,101,760.00	0.29
GOLDMAN SACHS GROUP INC	10/31/2022	474,534.50	475,760.00	0.29
JPMORGAN CHASE & CO	9/16/2024	810,000.00	812,421.90	0.61
JPMORGAN CHASE & CO	9/16/2024	350,000.00	351,046.50	0.61

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JPMORGAN CHASE & CO	2/16/2025	640,000.00	637,664.00	0.70
JPMORGAN CHASE & CO	2/16/2025	275,000.00	273,996.25	0.70
JPMORGAN CHASE & CO	3/16/2024	1,470,000.00	1,475,850.60	0.58
JPMORGAN CHASE & CO	3/16/2024	640,000.00	642,547.20	0.58
JPMORGAN CHASE & CO	6/1/2025	930,000.00	930,762.60	0.83
JPMORGAN CHASE & CO	6/1/2025	405,000.00	405,332.10	0.83
JDOT 2021 A3	9/15/2025	1,639,684.79	1,641,541.60	0.32
JDOT 2021 A3	9/15/2025	709,863.54	710,667.40	0.32
KEYBANK NA	1/3/2024	1,010,000.00	1,011,151.40	0.34
KEYBANK NA	1/3/2024	440,000.00	440,501.60	0.34
KEYBANK NA	6/14/2024	1,430,000.00	1,431,630.20	0.37
KEYBANK NA	6/14/2024	615,000.00	615,701.10	0.37
MORGAN STANLEY	10/21/2025	430,000.00	430,288.10	0.83
MORGAN STANLEY	10/21/2025	185,000.00	185,123.95	0.83
MORGAN STANLEY	11/10/2023	810,000.00	811,385.10	0.43
MORGAN STANLEY	11/10/2023	350,000.00	350,598.50	0.43
MORGAN STANLEY	1/25/2024	1,290,000.00	1,290,361.20	0.51
MORGAN STANLEY	1/25/2024	550,000.00	550,154.00	0.51
MORGAN STANLEY	1/22/2025	1,200,000.00	1,201,932.00	0.68
MORGAN STANLEY	1/22/2025	520,000.00	520,837.20	0.68
MORGAN STANLEY	4/5/2024	610,000.00	612,049.60	0.53
MORGAN STANLEY	4/5/2024	265,000.00	265,890.40	0.53
PNC BANK NA	12/9/2022	1,150,000.00	1,157,026.50	0.32
PNC BANK NA	12/9/2022	490,000.00	492,993.90	0.32
TRUIST BANK	8/2/2024	2,994,236.00	2,984,548.00	0.39
TRUIST BANK	8/2/2024	1,283,244.00	1,279,092.00	0.39
WELLS FARGO BANK NA	9/9/2022	1,390,000.00	1,392,599.30	0.35
WELLS FARGO BANK NA	9/9/2022	600,000.00	601,122.00	0.35
WELLS FARGO & CO	10/30/2025	1,524,791.00	1,516,265.00	0.97
WELLS FARGO & CO	10/30/2025	657,237.50	653,562.50	0.97
WELLS FARGO & CO	5/19/2025	320,000.00	320,598.40	0.69
WELLS FARGO & CO	5/19/2025	135,000.00	135,252.45	0.69
BANK OF AMERICA CORP	3/5/2024	744,982.00	733,243.00	0.56
BANK OF AMERICA CORP	3/5/2024	319,278.00	314,247.00	0.56
BANK OF AMERICA CORP	5/19/2024	995,000.00	1,012,362.75	0.51
BANK OF AMERICA CORP	5/19/2024	430,000.00	437,503.50	0.51
BANK OF AMERICA CORP	4/22/2025	595,000.00	598,236.80	0.77
BANK OF AMERICA CORP	4/22/2025	255,000.00	256,387.20	0.77
CARMX 2020-3 A3	3/17/2025	539,907.45	542,052.00	0.37
CARMX 2020-3 A3	3/17/2025	234,959.72	235,893.00	0.37
CITIGROUP INC	10/30/2024	1,740,000.00	1,747,047.00	0.61
CITIGROUP INC	10/30/2024	760,000.00	763,078.00	0.61
CITIGROUP INC	5/1/2025	205,000.00	206,119.30	0.76
CITIGROUP INC	5/1/2025	85,000.00	85,464.10	0.76
CITIGROUP INC	11/4/2022	215,000.00	216,083.60	0.38
CITIGROUP INC	11/4/2022	95,000.00	95,478.80	0.38
GMALT 2020-3 A3	8/21/2023	434,958.33	435,996.15	0.17
GMALT 2020-3 A3	8/21/2023	189,981.80	190,435.10	0.17
GMCAR 2021-1 A3	10/16/2025	369,941.10	370,677.10	0.26
GMALT 2021-2 A3	5/20/2024	1,109,825.73	1,110,011.10	0.34
GMALT 2021-2 A3	5/20/2024	479,924.64	480,004.80	0.34
GOLDMAN SACHS GROUP INC	11/17/2023	1,165,000.00	1,165,349.50	0.60
GOLDMAN SACHS GROUP INC	11/17/2023	510,000.00	510,153.00	0.60
JPMORGAN CHASE & CO	6/1/2024	1,100,000.00	1,121,406.00	0.79
JPMORGAN CHASE & CO	6/1/2024	475,000.00	484,243.50	0.79
JPMORGAN CHASE & CO	9/16/2024	210,000.00	210,627.90	0.61
JPMORGAN CHASE & CO	9/16/2024	90,000.00	90,269.10	0.61
JPMORGAN CHASE & CO	2/16/2025	570,000.00	567,919.50	0.70
JPMORGAN CHASE & CO	2/16/2025	245,000.00	244,105.75	0.70
JPMORGAN CHASE & CO	3/16/2024	695,000.00	697,766.10	0.58
JPMORGAN CHASE & CO	3/16/2024	305,000.00	306,213.90	0.58
JPMORGAN CHASE & CO	6/1/2025	545,000.00	545,446.90	0.83
JPMORGAN CHASE & CO	6/1/2025	240,000.00	240,196.80	0.83
KCOT 212 A3	11/17/2025	1,064,959.85	1,065,010.65	0.00
KCOT 212 A3	11/17/2025	464,982.47	465,004.65	0.00
MORGAN STANLEY	1/25/2024	1,070,000.00	1,070,299.60	0.51
MORGAN STANLEY	1/25/2024	465,000.00	465,130.20	0.51
MORGAN STANLEY	4/5/2024	175,000.00	175,588.00	0.53
MORGAN STANLEY	4/5/2024	75,000.00	75,252.00	0.53
NALT 2020-B A3	10/16/2023	294,969.65	295,678.50	0.19
NALT 2020-B A3	10/16/2023	129,986.62	130,299.00	0.19
TLOT-21A-A3	4/20/2024	754,911.89	754,911.67	0.40
TLOT-21A-A3	4/20/2024	329,961.49	329,961.39	0.40
SUB-TOTAL		148,127,972.82	148,009,117.56	
<i>Supranationals</i>				
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	3/19/2024	5,349,700.00	5,281,350.00	0.35
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	11/24/2023	3,043,442.50	3,046,767.00	0.30
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,934,593.40	1,951,973.05	0.13
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	1,177,726.00	1,188,377.38	0.13
INTER-AMERICAN DEVELOPMENT BANK	4/14/2022	811,863.00	819,221.85	0.13
INTER-AMERICAN DEVELOPMENT BANK	9/14/2022	10,484,250.00	10,687,383.00	0.16
INTER-AMERICAN DEVELOPMENT BANK	5/24/2023	1,809,384.60	1,819,828.30	0.20
INTER-AMERICAN DEVELOPMENT BANK	5/24/2023	789,731.40	794,289.70	0.20
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	11/24/2023	1,841,033.25	1,843,044.30	0.30
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	11/24/2023	803,269.25	804,146.70	0.30
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	4/20/2023	1,990,870.35	1,992,725.70	0.19
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	4/20/2023	868,199.10	869,008.20	0.19
SUB-TOTAL		30,904,062.85	31,098,115.18	
SHORT-TERM PORTFOLIO - TOTAL		\$ 1,636,806,211.84	\$ 1,641,075,535.90	
BOND PROCEEDS PORTFOLIO				
<i>Bond Proceeds</i>				
BNY MELLON-MONEY MARKET FUND	N/A	13,295.51	13,295.51	0.06%
BOND PROCEEDS PORTFOLIO-TOTAL		\$ 13,295.51	\$ 13,295.51	

**Orange County Transportation Authority
Portfolio Listing
As of July 31, 2021**

DEBT SERVICE RESERVE FUNDS				
DESCRIPTION	MATURITY DATE	BOOK VALUE	REQUIRED AMOUNT	YIELD
<u>91 EXPRESS LANES 2013 BONDS</u>	2030		10,799,437.46	
US BANK COMMERCIAL PAPER	11/5/2021	11,492,701.00		0.06%
FIRST AMERICAN TREAS OBLIGATIONS	N/A	366.59		0.01%
<u>91 EXPRESS LANES 2013 BONDS - OPERATING & MAINTENANCE RESERVES</u>			13,000,000.00	
BANK DEPOSITS	N/A	220,658.50		
OPERATING RESERVE	10/13/2021	3,099,603.89		0.05%
MAINTENANCE RESERVE	10/13/2021	10,498,658.33		0.05%
DEBT SERVICE RESERVE FUNDS - TOTAL		\$ 25,311,988.31		
TOTAL PORTFOLIO		\$ 2,016,152,046.31	\$ 2,020,621,370.37	



September 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Environmental Mitigation Program Endowment Fund Investment Report for June 30, 2021

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway programs. The California Community Foundation manages the non-wasting endowment required to fund the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and its performance.

Recommendation

Receive and file as an information item.

Background

On September 26, 2016, the Board of Directors approved the selection of the California Community Foundation (CCF) as an endowment fund manager for the Measure M2 Freeway Environmental Mitigation Program. Annually, approximately \$2.9 million will be deposited in the endowment. These annual deposits are expected over a ten to 12-year period, or until the fund totals approximately \$46.2 million. As of June 30, 2021, the Orange County Transportation Authority (OCTA) has made five deposits to the CCF Endowment Pool, each in the amount of \$2,877,000.

Discussion

Per Attachment A, as of June 30, 2021, total pool assets in the CCF Endowment Pool were \$1.38 billion. Total foundation assets were \$2.62 billion. Performance for the CCF Endowment Pool was slightly below the benchmark in the short-term horizon of up to three years and exceeded the benchmark in the five-, ten-, and 20-year time periods. Based on CCF's performance to date, OCTA remains on track to meet the endowment target of \$46.2 million in fiscal year (FY) 2028.

Per Attachment B, the balance as of June 30, 2021, was \$19,181,289. The balance is above the FY 2021 target of \$16,323,789. Global equity performance was strong in the quarter driven by the United States and Europe where the vaccine rollouts moved closer to herd immunity facilitating more expansive economic reopenings. Countries that are reopening more slowly have not performed as well, notably in emerging markets. Diversification, asset allocation, and appropriate sizing of underlying investments in the endowment portfolio are the main methods to protect the portfolio from outsized volatility.

Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment Report to the Board of Directors. The report is for the quarter ending June 30, 2021.

Attachments

- A. California Community Foundation Endowment Pool Investments – June 2021
- B. California Community Foundation Fund Statement – 4/1/2021 – 6/30/2021

Prepared by:



Robert Davis
Department Manager,
Treasury and Public Finance
714-560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
714-560-5649



Endowment Pool

June 2021

INVESTMENTS

The Endowment Pool returned 0.9% for the month of June 2021, 10 basis points behind its benchmark. For the trailing year, the pool returned 25.6%, 150 basis behind its benchmark.

Total Pool Assets

\$1.38 billion (Endowment Pool), \$2.62 billion (total foundation assets) as of June 30, 2021.

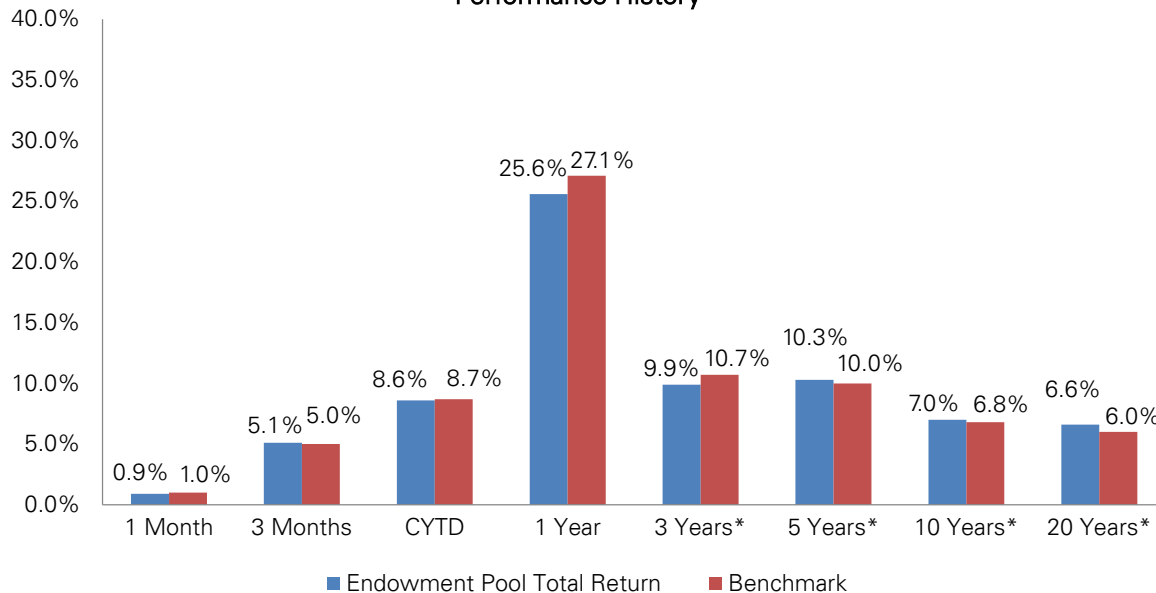
Pool Objective

Preserve the real (i.e., inflation-adjusted) purchasing power of the investment pool net of annual distributions for grants and expenses. An additional objective is to provide a relatively predictable, stable stream of distributions for grants and expenses that keep pace with inflation over time.

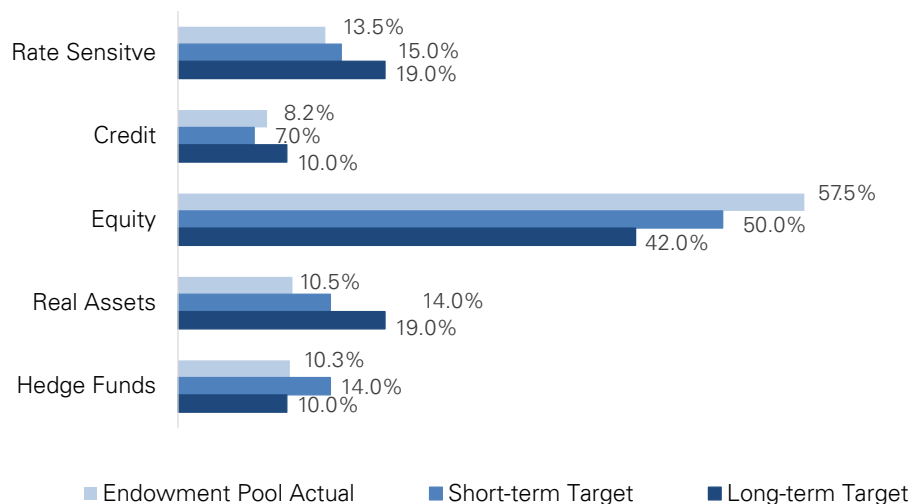
Investment Consultant

Meketa Investment Group

Performance History



Asset Allocation



*Represents annualized returns.

1) Investment expense ratio approximates 0.64%, excluding fund manager incentive fees.

2) Investment performance is presented net of investment expenses, including fund manager incentive fees.

3) Total Fund Benchmark is a combination of: 48% MSCI ACWI - 2% Cambridge PE Index 1-Qtr Lag / 14% HFR FOF / 5% ODCE - 5% S&P Global Large Mid NR - 4% S&P Global Infrastructure / 9% Barc Agg. - 3% Barc 1-5 Yr. Gov/Cr - 3% Barc 0-5 Yr. US Treasury TIPs / 2% Barc High Yield - 2% S&P/LSTA Leveraged Loan - 3% JP Morgan EMBI Global Diversified.

4) Short-term target allocation is over 1-4 years, long-term target allocation is over 4-9 years.

Updated 7/27/2021



Fund Name OCTA - Measure M2 Environmental Mitigation Program Fund
Fund Start Date 2/28/2017
Investment Pool(s) Endowment Pool

FUND STATEMENT

OCTA - Measure M2 Environmental Mitigation Program Fund (V398)

4/1/2021 - 6/30/2021

Fund Summary

	Report Period 4/1/2021 - 6/30/2021	Calendar YTD 1/1/2021 - 6/30/2021
Opening Fund Balance	\$18,216,874.46	\$17,664,005.59
Contributions	0.00	0.00
Investment Activity, net	964,414.18	1,560,880.51
Administration & Grant Management Fees	0.00	(43,597.46)
Net Changes to Fund	964,414.18	1,517,283.05
Ending Balance	\$19,181,288.64	\$19,181,288.64

Investment Pool Performance as of 6/30/2021

	This Qtr.	1-Year	3-Years	5-Years	10-Years
Endowment Pool	5.1%	25.6%	9.9%	10.3%	7.0%
Social Impact Endowment Pool	6.0%	24.8%	13.9%	11.7%	8.5%
Conservative Balanced Pool	2.7%	12.5%	8.0%	6.7%	n/a
Short Duration Bond Pool	-0.3%	0.3%	3.6%	2.1%	n/a
Capital Preservation Pool	0.1%	0.2%	1.5%	1.2%	0.7%

Endowment Pool - invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps pace with inflation over time. The target asset allocation is 50% equities, 14% hedge funds, 22% fixed income and 14% real assets. Investment management fees are 66 basis points.

Social Impact Endowment Pool - invested in a diversified pool aiming for capital growth for long-term grantmaking; underlying instruments undergo rigorous environmental and social analysis, with an asset allocation of approximately 60%-75% equities and 25%-40% fixed income. Investment management fees are 68 basis points.

Conservative Balanced Pool - designed to aim for moderate growth and to offer diversified exposure to the U.S. equity market and to investment grade fixed income with maturities from one to five years and an asset allocation of 70% fixed income and 30% equities investments. Investment management fees are 9 basis points.

Short Duration Bond Pool - invested to offer diversified exposure to investment grade fixed income with maturities from one to five years for the purposes of grants over a near-term one to four year horizon. Investment management fees are 5 basis points.

Capital Preservation Pool - designed to preserve principal and provide liquidity for present grantmaking needs through investment in short-term fixed income and cash instruments. Investment management fees are 10 basis points.



September 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Authorization for the Orange County Transportation Authority to Deposit and Invest Excess Funds with the Treasurer-Tax Collector of the County of Orange

Overview

Staff is requesting authorization to deposit and invest excess funds with the Treasurer-Tax Collector of the County of Orange.

Recommendation

Approve Resolution No. 2021-062 authorizing the Orange County Transportation Authority to deposit and invest excess funds with the Treasurer-Tax Collector of the County of Orange.

Background

The Orange County Transportation Authority (OCTA) has two accounts with the County of Orange (County) restricted to the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STAF). Funds from these two accounts are primarily used to fund operating expenditures for the bus program. Under the California Transportation Development Act guidelines, the California Department of Tax and Fee Administration (CDTFA) is required to deposit LTF and STAF funds with the Treasurer-Tax Collector of the County until claimed by OCTA. While CDTFA can deposit LTF and STAF funds with the Orange County Investment Pool (OCIP), currently OCTA does not have authorization to directly deposit and invest excess funds with the County. OCTA's investment policy (IP) allows for the investment of funds into OCIP in an amount up to ten percent of OCTA's investment portfolio.

Discussion

OCTA is seeking to diversify the investment of funds held within its liquid portfolio, while maintaining the primary objective of the IP which is safety of

principal. Section 53684 of the California Government Code allows local agencies to deposit excess funds into the County Treasury for purposes of investment by the County Treasurer-Tax Collector. The funds on deposit with the County are held in the OCIP and invested by the County Treasurer-Tax Collector in accordance with the County's IP.

The OCIP IP is approved annually by the County Board of Supervisors and reviewed annually by the Treasury Oversight Committee. The primary objectives of the policy are safety of principal, liquidity, and lastly to achieve a market rate of return within the parameters of prudent risk management. As with OCTA's investments, the OCIP must meet the conservative investment requirements of the California Government Code (Code). In addition, consistent with OCTA's IP, the OCIP IP is in many cases more conservative than the Code.

Per the OCIP IP, in order for OCTA to invest funds into OCIP, OCTA's Board of Directors (Board) must approve a resolution authorizing the deposit and investment of excess funds into the OCIP, along with authorization for any two persons holding any of the following positions: Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Director, Finance and Administration, Department Manager, Treasury and Public Finance, and Financial Analyst, Treasury and Public Finance to deposit and withdraw funds into the OCIP.

Summary

OCTA is seeking to diversify the investment of funds held within its liquid portfolio and is seeking authorization to invest excess funds with the OCIP consistent with OCTA's IP. A resolution of the Board is required in order to invest funds in the OCIP.

**Authorization of the Orange County Transportation Authority
to Deposit and Invest Excess Funds with the Treasurer-Tax
Collector of the County of Orange**

Page 3

Attachments

- A. Resolution of the Orange County Transportation Authority Authorizing the Deposit and Investment of Excess Local Funds with the Treasurer-Tax Collector of the County of Orange, California
- B. Orange County Treasurer 2021 Investment Policy Statement
- C. Agreement for the Deposit and Investment of Excess Funds into the County Treasury

Prepared by:



Robert Davis
Department Manager
Treasury/Public Finance
(714) 560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
(714) 560-5649

**RESOLUTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY
AUTHORIZING THE DEPOSIT AND INVESTMENT OF EXCESS FUNDS WITH THE
TREASURER-TAX COLLECTOR OF THE COUNTY OF ORANGE, CALIFORNIA**

WHEREAS Section 53684 of the California Government Code allows the Orange County Transportation Authority (Local Agency) to deposit excess funds into the Orange County Treasury for purposes of investment by the Orange County Treasurer-Tax Collector (Treasurer); and

WHEREAS, Local Agency has determined or may determine from time to time, that excess funds of the Local Agency exist which are not required for immediate use; and

WHEREAS, The Orange County Investment Pool is a permitted investment under the Orange County Transportation Authorities Investment Policy Statement; and

WHEREAS, the Treasurer may accept for investment deposits of a local agency, provided that the local agency is located within Orange County.

BE IT RESOLVED that the Board of Directors of the Orange County Transportation Authority authorizes as follows:

1. Local Agency hereby finds that it may, from time to time, be advantageous to make deposits for purposes of investment in the Orange County Investment Pool.
2. Local Agency has received and carefully reviewed the Treasurer's Investment Policy Statement (the "IPS") and is familiar with its contents. Having considered and weighed the risks of investing (including, but not limited to, the risks of loss of interest and principal), Local Agency finds and determines that it is appropriate and legal to invest its moneys in the Orange County Investment Pool as permitted by the Local Agency Investment Policy Statement. Local Agency understands and agrees that the IPS may be amended at any time by the County Board of Supervisors.
3. Local Agency further acknowledges that it has reviewed and understands Net Asset Value (NAV) risk that is described in Section V of the IPS.
4. The Local Agency Governing Board hereby finds and determines that excess funds of the authority are not required for immediate use and that the investment of such funds in the Orange County Investment Pool is an appropriate investment of its moneys.
5. Local Agency authorizes the deposit of moneys of the Local Agency into the Orange County Investment Pool for purposes of investment by the Treasurer in accordance with the provisions of Section 53684 of the California Government Code and the "Agreement for the Deposit and Investment of Excess Funds into the County Treasury" (the Agreement), which has been presented to this Local Agency and which is approved in the form presented. The Local Agency Treasurer is hereby authorized and directed, for and in the name of the Local Agency to execute the Agreement on behalf of the local Agency.

6. The Local Agency authorizes any two persons holding any of the following positions: Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Director, Finance and Administration, Department Manager, Treasury and Public Finance, and Financial Analyst, Treasury and Public Finance to deposit and withdraw funds into the Orange County Investment Pool.

ADOPTED, SIGNED, AND APPROVED this ____ day of _____, 2021.

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Andrea West
Interim Clerk of the Board

Andrew Do
Chairman of the Board

OCTA Resolution No. 2021-062

Orange County Treasurer



2021 Investment Policy Statement

(Approved By B.O.S. 11/17/2020)

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ORANGE COUNTY TREASURER INVESTMENT POLICY STATEMENT

PURPOSE

This policy is intended to provide the structure for the prudent investment of the cash balances entrusted to the Orange County Treasurer (the “Treasurer”) and outline the policies to assist in maximizing the efficiency of the Treasurer’s cash management system while meeting the daily cash flow demands of the County, the School Districts, Community Colleges, voluntary participants and other County-related agency funds. The Treasurer’s Investment Policy Statement is approved annually by the County Board of Supervisors as required by California Government Code Section 53646 (a) (1) and reviewed annually by the Treasury Oversight Committee, pursuant to the requirements of California Government Code Section 27133. (All references are to the California Government Code unless otherwise stated.)

I. POLICY STATEMENT

The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner that will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The Orange County Investment Fund (the “OCIF”), which includes all cash balances entrusted to the Treasurer as noted above, is designed to meet both the investment and cash requirements of our participants. If separate funds are established, the Treasurer shall determine on a cash flow basis what percent of available cash will be invested in each fund.

II. SCOPE

The scope of this Investment Policy Statement applies to all financial assets as indicated in II.1 below.

1. FUNDS

The Treasurer is responsible for investing the unexpended cash of the OCIF, defined as all monies under the investment authority of the Treasurer, including funds, and subsets of funds for the Orange County Department of Education; and excluding the County employee’s pension and medical trust funds which are invested separately by Orange County Employees Retirement System (OCERS), and those funds that are invested separately by the County Treasurer under bond indenture agreements. The County Funds are accounted for in the County’s CAFR and include:

- Governmental Funds, including the General Fund
- Enterprise Funds
- Fiduciary Funds
- Any other funds or new funds created by the County, unless specifically exempted

a) Pooled Funds:

It is the Treasurer's policy to pool certain funds for investment purposes to provide efficiencies and economies of scale. Investing through pooled funds will provide for greater use of funds by allowing for more efficient cash flows, a reduction in transaction costs, and improved access to the market. In addition to allowing for one pool for all participants, OCIF may also be split into different pools to meet the specific needs of participants such as short-term pools and longer-term pools. Each pool established will be reviewed separately for purposes of determining compliance with the Investment Policy Statement. These pools are based on the investment requirements detailed in Government Code Sections 53600 et seq. and 53630 et seq.

- i. If a longer-term pool such as an extended fund is established by the Treasurer, it will be utilized for investment requirements generally longer than one year. It will be invested primarily in high grade securities.
- ii. If a short-term pool is established, it can be established as a single pool or as separate pools depending on the needs of the pool participants. These pools will be utilized for shorter-term investment requirements and providing liquidity for immediate cash needs. They will be invested primarily in cash-equivalent securities to fulfill the primary goals of safety and liquidity.

b) Specific Investment Accounts:

From time to time, the Treasurer may be asked by the County or a participant's governing board to invest other specific investments or to manage bond proceeds issued by the County, a local school district, voluntary participant, or other local agency. This may include deposits that are set aside for future needs of a long-term nature and may be appropriately invested in longer-term securities, either in a pool or in specific investments as allowed by Government Code. The County or the participating agencies will be required to sign a written agreement acknowledging that there may be risk to principal should they desire to redeem funds early, thereby forcing an early sale of securities rather than holding investments to maturity.

In addition, no investment will be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the appropriate legislative body has granted express authority to make that investment either specifically or as part of an investment program approved by that legislative body no less than three months prior to the investment. Strategies for such deposits may include matching maturities with long-term liabilities.

III. PRUDENCE

Government Code Sections 27000.3 and Section 53600.3 provide that the "prudent investor" standard is to be used by the Treasurer as a fiduciary of public funds. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and

the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Treasurer and those delegated staff shall act in accordance with written procedures and the Investment Policy Statement, exercise due diligence, report in a timely fashion and implement appropriate controls to mitigate adverse developments.

IV. DELEGATION OF AUTHORITY

Annually, the County Board of Supervisors delegates to the Treasurer the authority to invest and reinvest the funds of the County and other depositors as specified in Government Code Sections 27000.1, 53607 and 53608. Such delegation is conditioned upon the Treasurer submitting any and all investment policies and amendments thereto to the Board for review and approval. The Treasurer may further delegate investment authority to such persons within the Treasurer's Department as deemed appropriate.

V. OBJECTIVES

Criteria for selecting investments and the absolute order of priority are:

1. SAFETY

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

- a) **Credit Risk:** Defined as an issuer's ability and willingness to repay interest and principal. Credit risk shall be mitigated by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants.
- b) **Market Risk:** Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities, market risk will be mitigated by establishing a maximum weighted average maturity or duration for the portfolio. Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

2. LIQUIDITY

Liquidity refers to the recurring maturity of a portion of the investment portfolio, as well as the ability to sell an investment at any given moment with a minimal chance of principal loss. A portion of OCIF, which may be in a separate pool, will maintain liquidity for the purpose of meeting all operating requirements and reasonably anticipated cash flow needs.

3. YIELD

Yield refers to the objective of attaining a market rate of return commensurate with the risk profile and cash flow characteristics of the portfolio throughout budgetary and economic

cycles. Under Government Code Section 53601.6, securities issued by, or backed by, the United States government can result in zero- or negative- interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. Although the Treasurer may employ certain indices to gauge the funds' rate of return, such indices shall be used solely for comparative purposes and do not constitute a warranty or guarantee of actual fund performance.

4. MARK-TO-MARKET

Investment pools, as described in Section II, 1 (a) of this Investment Policy Statement, are marked to market. To the extent reasonably possible and consistent with the Treasurer's trust and fiduciary duty, any funds in a short-term pool will attempt to stabilize at a \$1.00 net asset value (NAV). If the ratio of the market value of the short-term pool divided by the book value of the short-term pool is less than \$.9975, holdings may be sold as necessary to maintain the NAV above \$.9975.

The Treasurer will also act on a "best efforts" basis to keep any short-term pools above \$.9975 and will provide the NAV of all pools in the monthly report. However, the \$1.00 NAV is not guaranteed or insured by the Treasurer for any pool, including any longer-term pool, nor are the pools registered with the Securities Exchange Commission (SEC).

VI. AUTHORIZED INVESTMENTS

The County is authorized by Government Code Section 53600 et seq. to invest in specific types of securities. Investments not specifically listed below are prohibited. Consistent with the requirements of law and this Investment Policy Statement, the Treasurer may place orders for the execution of transactions with or through such broker/dealers, banks or counterparties as may be selected from time to time at his/her discretion. All securities must be U.S. dollar denominated. To the extent consistent with the objectives stated above, the investment restrictions outlined below, and the investment limitations specified in Sections VII and VIII, the pools may invest in the following areas.

1. U. S. TREASURY SECURITIES

United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limit on the percentage of any individual pool's total assets that can be invested in this category.

2. U. S. GOVERNMENT AGENCY SECURITIES

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise (GSE). There is no limit on the percentage of any individual pool's total assets that can be invested in this category including no issuer limit.

3. COMMERCIAL PAPER

Eligible commercial paper shall not exceed 270 days maturity, and shall not exceed 40% of any individual pool's total assets. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

- a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation and has debt other than

commercial paper, if any, that is rated “A” or higher by a NRSRO.

- b) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond.

No more than 5% of any individual pool’s total assets may be invested in any one issuer’s commercial paper.

4. NEGOTIABLE CERTIFICATES OF DEPOSIT

Negotiable certificates of deposit issued by a nationally or state-chartered bank, savings association, or a federal association (as defined by Section 5102 of the California Financial Code), or by a federally licensed or state-licensed branch of a foreign bank. No more than 20% of any individual pool’s total assets may be invested in negotiable certificates of deposit and maximum remaining maturity cannot exceed eighteen months.

5. REPURCHASE AGREEMENTS

Investments in repurchase agreements for the purpose of this Investment Policy Statement means a purchase of securities by the Treasurer pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Treasurer by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year and have capital of not less than \$500 million.. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date, and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. The Treasurer will maintain a signed copy of the agreement. Repurchase agreements are required to be collateralized by securities or cash.

a) Collateralization:

In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

Collateral will be limited to cash, and U.S. Treasury and U.S. Government Agency securities. For compliance purposes, U.S. Treasury and/or U.S. Government Agency collateral are exempt from the issuer limits as stated in Section VIII.2. Collateral will be held by an independent third party with whom the Treasurer has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the Treasurer and retained. No collateral substitutions may be made without prior approval of the Treasurer.

Investments in repurchase agreements are limited to no more than 20% of any individual pool's total assets. Agreements are subject to Government Code Section 53601 and must comply with the delivery requirements and the maturity provision from Section 53601.

6. BANKERS' ACCEPTANCES

Bankers' acceptances, also known as time drafts or bills of exchange, that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity. Bankers' acceptances are limited to no more than 40% of any individual pool's total assets.

7. MONEY MARKET MUTUAL FUNDS

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), which only invest in direct obligations in U.S. Treasury bills, notes, and bonds, U.S. Government Agencies, Municipal Debt, and repurchase agreements with a weighted average maturity of 60 days or less. Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV) are prohibited. Money market mutual funds are not required to conform to the restrictions detailed in this Investment Policy Statement, but are limited to no more than 20% of any individual pool's total assets. The Treasurer shall be required to investigate money market mutual funds prior to investing and perform a periodic review, but at least annually thereafter while the funds are invested in the money market mutual fund. At a minimum, approved money market mutual funds shall have met either of the following criteria:

- a) Attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.
- b) Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500,000,000.

8. STATE POOL – LOCAL AGENCY INVESTMENT FUND

The Treasurer may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under Government Code Section 16429.1. LAIF has no final stated maturity and will be reported as a one-day maturity. Investments in LAIF shall not exceed the current State limit (\$75 million per pool as of 1/1/2020).

9. MUNICIPAL DEBT

Such instruments are defined as being issued by a local or state agency, including:

- a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.
- b) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of a state.

- c) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

10. MEDIUM-TERM NOTES

Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of not more than 397 days for any short-term pools and two years for any other pools such as a longer-term pool. Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Investments in medium-term notes are limited to no more than 20% of any individual pool's total assets.

11. INVESTMENT POOLS

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630. The Treasurer shall be required to investigate all local government investment pools prior to investing and perform a quarterly review thereafter while the funds are invested in the pool. The analysis shall include, but is not limited to, the following characteristics of a pool/fund as part of its investigation and quarterly review:

- Eligible securities
- Maximum maturity
- REPO collateral/counter-party
- Size of the pool/fund
- Limits on withdrawal/deposit
- Expense ratio

Investments in this investment type are limited to no more than 20% of any individual pool's total assets. No more than 10% of any individual pool's total assets shall be invested in a single investment pool.

12. SUPRANATIONAL SECURITIES

Supranational securities are defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity five years or less, and eligible for purchase and sale within the United States. Investments in supranationals shall not exceed 30 percent of any individual pool's total assets.

VII. INVESTMENT CREDIT RATING RESTRICTIONS

Credit ratings will be applied at the time of purchase of a security and monitored for changes while owned. A downgrade subsequent to purchase in a security's credit rating will not constitute a violation of the Investment Policy Statement. Securities that are downgraded below the minimum acceptable rating levels must be reviewed for possible sale by the

Treasurer within a reasonable amount of time. The credit ratings referred to in this policy must be assigned by one of the following Nationally Recognized Statistical Rating Organizations (NRSRO): Standard & Poor's Corporation (S&P), Moody's Investors Service, Inc. (Moody's) and Fitch Ratings (Fitch).

All short-term and long-term investments, except those noted below, 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required below:

S&P	A-1, "AA"
Moody's	P-1, MIG 1/VMIG 1, "Aa"
Fitch	F-1, "AA"

If an issuer of Long-term debt has a Short-term debt rating, then it may not be less than the minimum required Short-term debt ratings above.

- a) Municipal debt issued by the County of Orange, California (as defined in Section VI 9), U.S. Government obligations (as defined in Section VI 1 and VI 2) and State Pool (as defined in Section VI 8), are exempt from the credit rating requirements listed above.
- b) Money Market Mutual funds (as defined in Section VI 7) and Investment Pools (as defined in Section VI 11) require the highest ranking or the highest letter and numerical rating provided by at least one NRSRO.

Any issuer, and all related entities, that have been placed on "Credit Watch-Negative" by a NRSRO will be placed on hold and current holdings reviewed for possible sale within a reasonable period of time unless the following criteria are met and are also approved in writing by the Treasurer prior to purchase:

The issuer has:

- (a) an A-1+ or F1+ short-term rating; and
- (b) at least an AA or Aa2 or higher long-term rating from each of the NRSROs that rate the issuer.

VIII. DIVERSIFICATION AND MATURITY RESTRICTIONS

It is the policy of the Treasurer to diversify the pooled funds. Investments are diversified to minimize the risk of loss resulting in overconcentration of assets in a specific maturity, specific issuer, or a specific class of securities. Diversification strategies shall be established by the Treasurer and periodically reviewed.

1. AUTHORIZED INVESTMENTS AND ISSUER CONCENTRATION

Only debt issued by firms listed on the Office of the Treasurer's Approved Issuer List may be purchased. The following diversification limits will also be applied at the time of purchase of a security.

Type of Investment	Cal Gov Code % of Funds Permitted	Orange County IPS	Cal Gov Code Maximum Final Maturity	Orange County IPS Maximum Final Maturity (All Pooled Funds Except Short-Term Funds)	Orange County IPS Maximum Final Maturity (Short-Term Fund)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities (GSEs)	100%	100%	5 Years	5 Years	397 Days
Municipal Debt	100%	20% Total, no more than 5% in one issuer except 10% - County of Orange	5 Years	3 Years	397 Days
Medium-Term Notes	30%	20% Total, no more than 5% in one issuer	5 Years	2 Years	397 Days
Bankers Acceptances	40%, 30% of a single issuer	40% Total, no more than 5% in one issuer	180 Days	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% Total, no more than 5% in one issuer	270 Days	270 Days	270 Days
Negotiable Certificates of Deposits	30%	20% Total, no more than 5% in one issuer	5 Years	18 months	397 Days
State of California Local Agency Investment Fund	\$75 million per account	State limit (\$75 million per pool as of 1/1/2020)	N/A	N/A	N/A
Repurchase Agreements	100%	20% Total, no more than 10% in one issuer	1 Year	180 Days	1 Year
Money Market Mutual Funds (MMMF)	20%	20% Total, no more than 10% in one MMMF account	N/A	N/A	N/A
JPA Investment Pools (JPA)	100%	20% Total, no more than 10% in one JPA Pool	N/A	N/A	N/A
Supranationals	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days

2. MATURITY

- a) The weighted average maturity (WAM) of any short-term pool, on a dollar-weighted basis, shall not exceed 60 days.
- b) The maximum maturity of any investment purchased will be five years with the exception of investments and investment pools authorized by the Board of Supervisors or the appropriate legislative body to be invested in longer than five year maturities.

The following restrictions will apply:

Short-term 13 months (397 days)
Long-term 5 years

- c) For purposes of calculating a final maturity date, the earlier of either the final maturity date, pre-refunded date, or mandatory put to tender option date that will be used.

- d) For purposes of calculating the weighted average maturity of the portfolio, the maturity of a variable-rate security will be considered its next interest rate reset date, if there is a reasonable expectation that the security will maintain an approximate value of par upon each adjustment of the security's interest rate at any time until final maturity.

3. DURATION

- a) All pools, except short-term pools, shall have a maximum duration of 1.50 years.

IX. PROHIBITED TRANSACTIONS

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the Government Code, as may be amended from time to time. No investment prohibited by Government Code shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations, or market valuations that are not in compliance with this Investment Policy Statement and cannot be corrected without penalty **at time of purchase** must be documented and approved by the Treasurer in writing as soon as possible. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

1. The following transactions are prohibited:

- a) Borrowing for investment purposes (“Leverage”).
- b) Reverse Repurchase Agreements, as defined by Government Code Section 53601(j) (3) and (j) (4) or otherwise.
- c) Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment.

Simple “floating rate notes,” whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate, SOFR or LIBOR) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds or callable securities which otherwise meet the quality, maturity, and percent limitations assigned to their respective security category, are exempt from this section.

- d) Structured Investment Vehicles (SIV).
- e) Derivatives (e.g., options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- f) Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV).

X. ETHICS AND CONFLICT OF INTEREST

The Treasurer and all persons involved in the investment process shall refrain from personal business activity, which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all treasury and investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions, broker dealers, and vendors (“outside entities”) that conduct business with the County of Orange and shall disclose any material financial investment positions in such outside entities.

1. STATEMENT OF ECONOMIC INTEREST FORM 700

The Treasurer, Auditor-Controller, members of the Treasury Oversight Committee, and all designated employees must annually file a Form 700 (Statement of Economic Interests) in accordance with the County’s Conflict-of-Interest Code.

2. COUNTY’S GIFT BAN ORDINANCE – SEC. 1-3-22 THE CODIFIED ORDINANCES, ORANGE COUNTY, CALIF.

The County’s Gift Ban Ordinance prohibits the receipt of specified gifts to the Treasurer, Auditor-Controller, and “designated employees” from business entities and individuals that “do business with the County” as that termed in defined in the Ordinance. Under the Ordinance, the term “designated employee” includes every employee of the County who is designated in the County’s Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. For purposes of the Treasurer’s Office, “designated employees” include: the Chief Assistant Treasurer-Tax Collector, the Assistant Treasurer-Tax Collectors, all investment staff, all financial/credit analysts, all cash managers, and all accounting and compliance staff. The Treasurer will review this list of “designated employees” periodically and submit any proposed changes to the Board of Supervisors for approval.

XI. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment and/or depository services and products. Any permitted investment, not purchased directly from an approved issuer, shall be purchased either from a “primary” or regional securities broker/dealer qualifying under SEC Rule 15c3-1(uniform net capital rule) and licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a “well capitalized” national bank or Federal savings association as defined in Title 12 of the Code of Federal Regulations (CFR) Part 6.4 or a savings association or Federal association as defined by Section 5102 of the California Financial Code. To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section. Broker/dealers must comply with the political contribution limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. Section

27133(c) of the Government Code prohibits the selection of any broker, brokerage, dealer, or securities firm that has made a contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, within any consecutive 48 month period.

The Treasurer shall conduct an annual review of each broker/dealer and financial institution's financial condition and registrations to determine whether it should remain on the approved broker/dealer list for investment and/or depository services and require annual audited financial statements to be on file for each firm. The Treasurer shall strive to open an application period every two years for all new and existing broker/dealers and financial institutions submitting a questionnaire to determine if they should be added to the approved broker/dealer list. This detailed questionnaire is required to be completed by broker/dealers and financial institutions seeking to provide investment services. The Treasurer shall annually send a copy of the current Investment Policy Statement to all broker/dealers and financial institutions approved to provide investment services to the County, and they shall notify the Treasurer in writing of receipt and that they have read it.

XII. PERFORMANCE EVALUATION

The Treasurer shall submit monthly, quarterly, and annual reports (in compliance with Government Code Sections 53607, 53646, and 27134) to the Treasury Oversight Committee, the pool participants, the County Executive Officer, the Director of Auditor-Controller Internal Audit, the Auditor-Controller, and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall be in compliance with Government Code. In accordance with GASB Statements 31, 40, 72 and 84, the Treasurer shall provide financial information on investments for the County's Comprehensive Annual Financial Report.

XIII. SAFEKEEPING

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a delivery-versus-payment (DVP) basis. All investments shall have the County of Orange and either the OCIF or the specific pool name as its registered owner except for municipal debt issued by the County of Orange and privately placed with the County Treasurer in which case the investments shall have the Orange County Treasurer on behalf of the OCIF as its registered owner.

All securities shall be held by a third party custodian designated by the Treasurer (this does not apply to money market funds or investment pools). The third party custodian shall be required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity, and other pertinent information.

XIV. MAINTAINING THE PUBLIC TRUST

All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

XV. INTERNAL CONTROLS

The Treasurer shall establish a system of written internal controls, which will be reviewed annually with the County's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Treasurer's Office. The Treasurer shall evaluate audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code Sections 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Department's Accounting and Compliance Units. Compliance will be determined on a fair market value basis. All agreements, statements, and trade packets will be subject to review annually by auditors in conjunction with their audit.

1. INVESTMENT PROCEDURES

The Treasurer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, Master Repurchase Agreements, wire transfer agreements, collateral and depository agreements, banking service contracts, and other investment and banking related activities. Such procedures shall include explicit delegation of authority to personnel responsible for investment transactions.

No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of all Treasury and Investment personnel.

XVI. EARNINGS AND COSTS APPORTIONMENT

The Treasurer determines the interest earnings for the respective pools on an accrual basis. Accrual basis interest earnings and Treasury administrative fees (see below) are allocated to each individual pool participant based upon their average daily balance on deposit with the Treasurer. The actual cash distribution is generally paid in the months following.

As authorized by Government Code Section 27013, the Treasurer who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income. Such cost reimbursement shall be paid into the county general fund. In addition, the costs of compliance with the Treasury Oversight provisions of Government Code Sections 27130 through 27137 shall be included as an eligible administrative cost. These investment administrative costs will be deducted from any interest or income, prior to distribution to the pool participant. The Treasurer shall annually prepare a proposed budget revenue estimate, providing a detailed itemization of all estimated costs which comprise this investment administrative fee charged in accordance with Government Code Section 27013. The Treasurer will be required to annually reconcile the estimated charges and actual costs incurred and adjust participant accounts accordingly.

Investment earnings and the above estimated fee charge will be allocated to the pool participants on at least a quarterly basis. As of the first working day of the following period,

the pool participants' account will reflect the gross investment earnings and the estimated monthly administrative and overhead costs. The Treasurer's monthly report will state the current estimated fees charged to participants.

XVII. VOLUNTARY PARTICIPANTS

Should a local agency within Orange County, or a Joint Powers Agency (JPA) consisting of at least one public agency from within Orange County, not required by California law to deposit monies with the Treasurer desire entry into the Treasurer's Investment Pool, the agency shall comply with the requirements of Government Code Section 53684 and provide to the Treasurer a resolution adopted by its governing board stating that excess funds are available for the purpose of investment. The resolution shall specify that the local agency authorizes the investment of excess funds pursuant to Section 53684, those persons authorized at the agency to coordinate the transactions, the agency's willingness to be bound by the withdrawal provisions of Government Code Section 27136, and the agency's understanding that investment administrative charges will be deducted by the Treasurer as permitted by Sections 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing. Upon the Treasurer's approval of voluntary participants to join the pool, the Treasurer will notify the Board of Supervisors within 5 days.

Monies deposited by local agencies approved for entry into the Treasurer's Investment Pool will be invested in the OCIF and shall be invested by the Treasurer in accordance with this Investment Policy Statement, as amended from time to time. The local agency's authorized representative will execute an agreement with the Treasurer. This agreement specifies the contractual terms and conditions by which the Treasurer will manage and invest local agency's excess funds which have been deposited for investment with the Treasurer.

XVIII. WITHDRAWAL

As required by Government Code Sections 27000.3, 27133(h), 27136 and 53684(c), withdrawal of participant funds for the purpose of investing or depositing these funds outside the County treasury shall require prior written approval from the Treasurer or designee. The Treasurer shall thereafter review the withdrawal request consistent with his/her trust and fiduciary duties. Prior to approving or disapproving the withdrawal request, the Treasurer or designee shall make a finding of the effect on the stability and predictability of the investments and on the interests of the other depositors in the County treasury.

XIX. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs, but focusing on, in order of importance, preservation of capital, liquidity, and yield.

The Treasurer's investment strategy is to actively manage the portfolios to create less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the indices most comparable to

the fund, such as money rate data published in Barron's, The Wall Street Journal, Bloomberg, or other bond fund indices. The standards enumerated herein do not constitute a guarantee of the fund's performance.

XX. INVESTMENT POLICY STATEMENT REVIEW

This Investment Policy Statement shall be reviewed on an annual basis by the Treasury Oversight Committee prior to being presented to for review and approval by, the Board of Supervisors in an open session.

XXI. FINANCIAL REPORTING

The monthly Treasurer's Investment Report and all compliance Audit Reports shall be provided to the Orange County Board of Supervisors, the County Executive Officer, the Chief Financial Officer, the Director of Auditor-Controller Internal Audit, the Auditor-Controller, the Treasury Oversight Committee, the presiding judge of the Superior Court, the director or director executive officer and Treasurer or other official responsible for the funds of any Local Agency who has investments in the OCIF as allowed by Government Code Sections 53607, 53646, and 53686.

All reports filed by the Treasurer in accordance with Government Code Section 53646 shall, among other matters, state compliance of the portfolio with the Investment Policy Statement, or the manner in which the portfolio is not in compliance. A statement will also be filed by the Treasurer in accordance with Government Code 53646(b) denoting the ability of each pool to meet its expenditure requirements for the next six months or provide an explanation of why sufficient money may not be available.

XXII. LEGISLATIVE CHANGES

Any State of California law that further restricts allowable maturities, investment type, percentage allocations, or any other provision of this Investment Policy Statement will, upon effectiveness, be incorporated into this Investment Policy Statement and supersede any and all previous applicable language.

XXIII. DISASTER RECOVERY PROGRAM

The Treasurer's Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. Three copies of the Disaster Plan for home, office, and car have been distributed to key treasury and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of all uninvested cash with the custody bank into a money market mutual fund. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment

Policy Statement and would be required to be reported to the Board of Supervisors and pool participants in a timely manner.

INVESTMENT POLICY STATEMENT GLOSSARY

This Glossary is for general reference purposes only and does not constitute an exhaustive or exclusive list of terms and definitions applicable to this Investment Policy Statement. The definitions included herein do not modify any of the terms of this Investment Policy Statement or applicable law.

ACCREDITED INVESTOR: Defined in the Code of Federal Regulations (CFR) 230.501 (a)(9) as any entity, including a government body that owns “investments”, as defined in the CFR 270.2A51-1(b)(7)(i), such as cash and cash equivalents, for investment purposes under the Investment Company Act in excess of \$5 million.

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

ADJUSTABLE RATE NOTE: (See Floating Rate Note)

AGENCY SECURITIES: (See U.S. Government Agency Securities)

AMORTIZATION: The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

AVERAGE LIFE: The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

ASKED PRICE: The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): (See Receivable-Backed Securities)

BANKERS' ACCEPTANCE (BA): Negotiable money market instruments issued primarily to finance international trade. These are time drafts in which a bank “accepts” as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer.

BASIS POINT: When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most money market securities are “delivered” to an investor’s custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). The owners of these securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together and is compensated for his/her service.

CALLABLE BONDS: Bonds that may be redeemed by the issuing company prior to the maturity date.

CALL PRICE: The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

CALL RISK: The risk to a bondholder that a bond may be redeemed prior to maturity.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a capital asset.

CERTIFICATE OF DEPOSIT (CD or NCD): A deposit of funds at a bank for a specified period of time that earns interest at a specified rate. Commonly known as "CDs" or "negotiable CDs."

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public moneys.

COMMERCIAL PAPER (CP): Short-term unsecured promissory notes issued by corporations for maturities of 270 days or less.

CONSUMER RECEIVABLE-BACKED BONDS: (See Receivable-Backed Securities)

CONVEXITY: A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

CREDIT OUTLOOK: (See Rating Outlook)

CREDIT QUALITY: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized statistical rating organizations.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CREDIT WATCH: indicates that a company's credit is under review and credit ratings are subject to change.

*+ (positive)

Credit is under review for possible upgrade.

*- (negative)

Credit is under review for possible downgrade.

*

Credit is under review, direction uncertain.

COUPON: The rate at which a bond pays interest.

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE: A security whose interest rate of principal amount may vary and are determined by a market index or a combination of market indexes.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: An investment principle designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the "average maturity" of an investment portfolio using each investment's maturity weighted by the size of that investment.

DURATION: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FEDERAL FUNDS RATE: Interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. A target rate is set by the FOMC.

FEDERAL OPEN MARKET COMMITTEE (FOMC): This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system, which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

FITCH, INC: (see Nationally Recognized Statistical Rating Organization)

FIXED-INCOME SECURITIES: Securities that return a fixed income over a specified period.

FLOATING RATE NOTE: A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, London Interbank Offered Rate (LIBOR), Secured Overnight Financing Rate (SOFR) etc.).

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTERNAL CONTROLS: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

INVESTMENT COMPANY ACT OF 1940: Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

LOCAL AGENCY: County, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

MARK-TO-MARKET: The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract between the parties of a repurchase agreement establishing each party's rights in all current and future transactions until termination of the contract by either party.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term note" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five-year maturity range. MTNs issued by banks are also called "bank notes."

MONEY MARKET: The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments.

MOODY'S INVESTORS SERVICE, INC: (See Nationally Recognized Rating Services)

MUNICIPAL DEBT: Bonds, notes and other securities issued by a state, municipality or county.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.). The primary rating agencies are the following: Standard & Poor's Corporation; Moody's Investor Services, Inc.; and Fitch, Inc.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): A per-share valuation of a mutual fund based on total assets minus total liabilities.

NON-CALLABLE: Bond that cannot be called at the option of the issuer.

OFFER PRICE: The price asked by a seller of securities.

PAR or PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a physical certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

PORTFOLIO: A group of securities held by an individual or institutional investor.

PREMIUM: The difference between the par value of a bond and the market value of the bond, when the market value is above par.

PRICE RISK: The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

PRIMARY DEALER: Banks and securities brokerages authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Federal Open Market Operations.

PRIME RATE: The base rate that banks use in pricing commercial loans to their best and most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PROSPECTUS: A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information of the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

QUALIFIED INSTITUTIONAL BUYER (QIB): Defined in CFR Section 230.144A as a class of investors that can be conclusively assumed to be sophisticated and in little need of the protection afforded by the Securities Act's registration provisions. They must own and invest on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the QIB to qualify for qualified institutional buyer status. This includes any institutional investors included in the accredited investor definition, provided they satisfy the \$100 million threshold.

RATING OUTLOOK: The potential direction of the credit rating assigned by a NRSRO for a specific company.

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

RECEIVABLE-BACKED SECURITIES: Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

RECEIVABLE PASS-THROUGH CERTIFICATE: A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

REFUNDED BOND: A bond secured by an escrow fund that is sufficient to pay off the entire issue of bonds at the next call date (pre-funded) or maturity (escrowed to maturity).

REGISTERED STATE WARRANT: A short-term obligation of a state governmental body issued in anticipation of revenue.

REPURCHASE AGREEMENT (REPO): The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities back at a later date at a specified price that includes interest for the buyer's holding period.

RULE 2a-7 OF THE INVESTMENT COMPANY ACT: Applies to all money market mutual funds and mandates such funds to maintain certain standards.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING: Storage and protection of a customer's financial assets, valuables, or documents, provided as a service by an institution serving as Agent or Custodian and, where control is delegated by the customer.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SINKING FUND: Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

STANDARD & POOR'S CORPORATION: (See Nationally Recognized Rating Services)

STRUCTURED INVESTMENT VEHICLE (SIV): A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS). Funding for SIVs comes from the issuance of commercial paper that is continuously renewed or rolled over; the proceeds are then invested in longer maturity assets that have less liquidity but pay higher yields. SIVs often employ great amounts of leverage to generate returns.

SUPRANATIONAL: An entity that is formed by two or more central governments with the purpose of promoting economic development for the member countries. Examples include the International Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank.

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period.

$$(\text{Price appreciation}) + (\text{Dividends paid}) + (\text{Capital gains}) = \text{Total Return}$$

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U. S. GOVERNMENT AGENCY SECURITIES: Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), Federal National Mortgage Association (FNMA or Fannie Mae), Federal Farm Credit Banks (FFCB) and Tennessee Valley Authority (TVA).

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from date of issue.

Treasury bonds: interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

UNIFORM NET CAPITAL RULE: SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

VARIABLE RATE NOTE: (See Floating Rate Note)

VOLATILITY: A degree of fluctuation in the price and valuation of securities.

WEIGHTED AVERAGE MATURITY (WAM): The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 60 days and no one security may have a maturity that exceeds 397 days.

WHEN ISSUED (WI): A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

YIELD: The annual rate of return on a debt investment computed as though held to maturity expressed as a percentage.

YIELD TO CALL (YTC): The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

ZERO-COUPON BONDS/U.S. TREASURY STRIPS: A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. Zeros or strips mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.

**AGREEMENT
FOR
THE DEPOSIT AND INVESTMENT OF EXCESS FUNDS
INTO THE COUNTY TREASURY**

THIS AGREEMENT is made and entered into as of the date fully executed by and between The Orange County Transportation Authority hereinafter referred to as “Local Agency,” and the County of Orange, California a political subdivision of the State of California, hereinafter referred to as “County.”

RECITALS

WHEREAS, Section 53684 of the California Government Code allows local agencies to deposit excess funds into the County Treasury for purposes of investment by the County Treasurer-Tax Collector (the “Treasurer”); and

WHEREAS, Local Agency has found that it may, from time to time, be advantageous to make such deposits for purposes of investment with the Treasurer; and

WHEREAS, the treasurer or other official responsible for the funds of the Local Agency has determined, and may determine from time to time, that excess funds of the Local Agency exist which are not required for immediate use; and

WHEREAS, the governing body of Local Agency has authorized the deposit of moneys of Local Agency for purposes of investment with the County Treasury in accordance with the provisions of Section 53684 of the California Government Code; and

WHEREAS, with the consent of the Treasurer, the Treasurer may accept for investment deposits of Local Agency, provided that Local Agency is located within Orange County, or a Joint Powers Authority (JPA) consisting of at least one public agency from within Orange County;

NOW, THEREFORE, in consideration of the mutual promise herein, the parties agree as follows:

ARTICLES

1. ACKNOWLEDGMENT

The parties acknowledge that the Recitals are true and correct.

2. SCOPE OF AGREEMENT

This Agreement specifies the contractual terms and conditions by which County will manage and invest Local Agency’s excess funds which have been deposited for investment with the Treasurer. Pursuant to various provisions of the Government Code and Revenue and Taxation Code, the Treasurer shall provide central depository and investment services for Local Agency.

3. COUNTY INVESTMENT POOL/INVESTMENT POLICY STATEMENT

Local Agency understands that the funds it deposits for investment will be held in the Orange County Investment Pool (OCIP) and shall be invested by the Treasurer in accordance with the policies contained in the Orange County Treasurer Investment Policy Statement (the “IPS”), as now in effect and as may be revised from time to time.

4. LOCAL AGENCY ACKNOWLEDGMENTS

Local Agency acknowledges that it has received and carefully reviewed the IPS, and, is familiar with its contents. Having considered and weighed the risks of investing (including, but not limited to, the risks of loss of interest and principal) the Local Agency has determined that it is appropriate and legal to invest its moneys in the Orange County Treasury as permitted by the IPS. The Local Agency has been advised by the Treasurer and understands that the IPS may be amended by the Treasurer without the review or consent of Local Agency.

To the extent its moneys are invested with the County, in whole or in part, in OCIP, the Local Agency further acknowledges that it has reviewed and understands Net Asset Value (“NAV”) risk that is discussed in Section V of the IPS. The Local Agency finds and determines that investment of any of its moneys in OCIP is an appropriate investment of its moneys.

5. TERM OF AGREEMENT

This Agreement shall become effective on the date fully executed and shall continue indefinitely, unless this Agreement is terminated earlier by either party in accordance with Article 8.

6. DEDUCTION OF ADMINISTRATIVE FEES

Local Agency agrees that the Treasurer shall deduct administrative charges from its gross interest income pursuant to California Government Code Sections 53684(b) and 27013.

7. AMENDMENT

Neither party shall make any change to this Agreement without the others written consent. Such changes shall be incorporated into an Agreement Amendment, which shall not become effective until signed by the parties. The Treasurer may make amendments if the changes are ministerial.

8. TERMINATION

Either party in accordance with this Article may terminate the provision of services under this Agreement, in whole or in part, whenever either party shall determine that such termination is its best interest. Any such termination shall be effected by delivery to the other party of a Notice of Termination specifying the extent to which services under the Agreement are terminated, and the date upon which such termination will become effective.

After receipt of a Notice of Termination, and except as otherwise agreed:

- (a) The County shall stop performing under this Agreement on the date specified and to the extent specified in the Notice of Termination.
- (b) Local Agency shall request no further services requiring work to be performed after the termination date as specified in the Notice of Termination.

Upon termination, Local Agency agrees to pay the County for all services performed prior to termination.

9. DEPOSITS AND WITHDRAWALS

The officers holding the titles listed in the Resolution or their successors in office, shall be authorized to deposit and request withdrawals of moneys of Local Agency in the County Treasury, make changes to the Local Agency bank account or other administrative duties as required. When Local Agency requests withdrawal of funds from the County Treasury, Local Agency and County shall comply with all applicable withdrawal provisions pursuant to California law, as now in effect and as may be subsequently added, including but not limited to Government Code Section 27136.

10. NOTICES

Where required to be given under this Agreement, notice shall be in writing and shall be deemed given when delivered personally or deposited in the United States mail, postage prepaid, certified, addressed as follows:

Local Agency: The Orange County Transportation Authority
 Attn: Robert Davis
 550 S Main St
 Orange, CA, 92868

County: Orange County Treasurer-Tax Collector
 Attention: Shari L. Freidenrich
 P.O Box 4515
 Santa Ana, CA 92702-4515

11. MERGER/NO CONTINUING WAIVER

This Agreement contains the entire and complete understanding of the parties and supersedes any and all other prior agreements, oral or written, and discussions of the parties with respect to the provision of services under this Agreement. No waiver of any term or condition of this Agreement shall be deemed a continuing waiver thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date(s) written below.

DATED _____
Authority

The Orange County Transportation

By _____
Click here to enter text.

By _____
Click here to enter text.

DATED _____

COUNTY OF ORANGE, CALIFORNIA,
a political subdivision of the State of
California

By _____
Shari L. Freidenrich
Orange County Treasurer-Tax Collector

APPROVED AS TO FORM:

[The Orange County Transportation Authority]

By _____
Counsel for Local Agency

DATED: _____


COUNTY OF ORANGE

By _____
Ronald T. Magsaysay, Deputy County Counsel
Office of the County Counsel

DATED: _____



September 8, 2021

To: Finance and Administration Committee 
From: Darrell E. Johnson, Chief Executive Officer
Subject: Excess Workers' Compensation Insurance Policy

Overview

The Orange County Transportation Authority currently has an excess workers' compensation insurance policy with Arch Insurance Company. This policy will expire on October 1, 2021, and a renewal is necessary to maintain coverage.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A48430, in the amount of \$500,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of October 1, 2021 to October 1, 2022.

Discussion

Workers' compensation coverage is designed to provide medical, temporary disability, and permanent disability benefits to injured workers. Employer's liability is an additional coverage provided as part of the excess workers' compensation insurance policy. Employer's liability insurance covers claims presented to an employer on behalf of employees seeking damages caused by job-related activities that result in bodily injury or disease. For example, if a claim was filed against the Orange County Transportation Authority (OCTA) due to a serious and willful action resulting from an uncorrected yet known safety hazard that caused injury to an employee, OCTA may be liable for the costs of the claim as it would fall outside of the normal workers' compensation coverage. The employer's liability coverage would pay for the cost of legal defense for these types of claims. Fortunately, OCTA has not had any claims that would trigger the employer's liability coverage. However, retention of employer's liability insurance remains a prudent risk mitigation action.

OCTA's current excess workers' compensation insurance policy with Arch Insurance Company (Arch) has a self-insured retention of \$750,000 each accident, as well as coverage to statutory limits, with a rate of \$0.3933 per \$100 of payroll, for a premium of \$445,589.

OCTA's Broker of Record is Marsh Risk and Insurance Services, Inc. (Marsh). Marsh is paid a flat fee of \$110,000 for marketing and placing all property and casualty insurance per Agreement No. C-7-1585 approved by the Board of Directors (Board) on May 22, 2017. This flat fee paid to Marsh is not part of the premium OCTA anticipates paying to the selected insurers for the renewal of this policy. By agreement, Marsh does not earn any additional compensation or commission for its services. The contract further requires that any commissions offered by insurers will offset OCTA's premiums.

Although OCTA has incurred few claims due to the coronavirus (COVID-19) pandemic to date, workers' compensation insurers are experiencing higher incurred losses generally and higher exposure to loss since the State of California adopted SB 1159 (Chapter 85, Statutes of 2020), which created a disputable presumption that illness or death related to COVID-19 is an occupational injury. Marsh has informed OCTA that California workers' compensation premium rates have generally increased between five and 10 percent this year due to higher medical costs, increased claims activity, and ongoing COVID-19 claim payouts. Due to OCTA's favorable overall loss experience, Marsh has been instructed to seek competitive quotes from insurers offering workers' compensation insurance in California to renew this coverage. Therefore, staff is requesting Board approval to renew this policy for a negotiated amount, not to exceed \$500,000 annual premium.

Fiscal Impact

This project was approved in OCTA's Fiscal Year 2021-22 Budget, Human Resources and Organizational Development Division, Risk Management Department, Account No. 0041-7552-A2311-DSG, and is funded through the Workers' Compensation Internal Service Fund.

Summary

Based on the information provided, staff recommends authorizing the Chief Executive Officer to negotiate and execute Purchase Order No. A48430, in the amount of \$500,000, to Marsh Risk and Insurance Services, Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of October 1, 2021 to October 1, 2022.

Attachment

None.

Prepared by:



Al Gorski
Department Manager,
Risk Management
714-560-5817

Approved by:



Maggie McJilton
Executive Director, Human Resources
and Organizational Development
714-560-5824



Pia Veasapen
Director, Contracts Administration and
Materials Management
714-560-5619



September 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Bond Anticipation Notes (Interstate 405 Improvement Project), Series 2021 Financing Documents

Overview

The Orange County Transportation Authority Board of Directors approved the issuance of Bond Anticipation Notes as a short-term interim financing to support the construction of the Interstate 405 Improvement Project, and the selection of an underwriting team. Final approval for the issuance of the Bond Anticipation Notes and the financing documents for the proposed transaction are presented for review and approval.

Recommendation

Adopt Resolution No. 2021-076, authorizing the issuance and sale of Bond Anticipation Notes (I-405 Improvement Project), Series 2021 in an aggregate principal amount not to exceed \$675 million, and the execution and delivery of related financing documents. The related financing documents include forms of the Master Indenture, First Supplemental Indenture, Standby Bond Purchase Agreement, Purchase Contract, Preliminary Official Statement, and the form of the Continuing Disclosure Certificate, and taking all other actions necessary in connection with the proposed transaction.

Background

On June 14, 2021, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved the issuance of Bond Anticipation Notes (Interstate 405 {I-405} Improvement Project), Series 2021 (2021 BANs) as a short-term interim financing to support the construction of the I-405 Improvement Project, and the selection of an underwriting team. Prior to execution of the transaction, staff was directed to return to the Board for approval of the financing documents required to execute the closing of the transaction.

Discussion

The United States Department of Transportation Build America Bureau Credit Programs Office (Bureau) has provided OCTA with an anticipated closing date of September 9, 2021, to reset the interest rate on OCTA's 2017 Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan. Based on that anticipated closing date, staff is seeking approval of the financing documents required to issue the 2021 BANs. The savings benefit from using short-term BANs to fund eligible I-405 Project costs versus using the 2021 TIFIA Reset Loan is estimated to be approximately \$20 million.

The financing documents for the 2021 BANs have been submitted to S&P Global Ratings (S&P) and Moody's Investor Services (Moody's) for their review and ratings on the 2021 BANs. OCTA met with the rating agencies on August 19, 2021, to provide an update on OCTA and discuss the I-405 Improvement Project, and sales tax history and forecasts, in addition to the proposed financing. It is anticipated that the ratings from S&P and Moody's will be released before September 8, 2021.

Legal Documents

To proceed with the issuance and sale of the 2021 BANs, OCTA is required to execute several financing documents with related parties. A listing of the documents is provided below with an accompanying description.

Resolution - The resolution (Attachment A) is the legal document which ratifies the approval of the issuance and sale of the 2021 BANs, in an amount not to exceed \$675 million at a true interest cost not to exceed 0.75 percent per annum. The resolution also notes that in order to accomplish the issuance of the proposed 2021 BANs, OCTA has to enter into the documents summarized below:

Master and First Supplemental Indenture - The Master Indenture (Attachment B) and First Supplemental Indenture (Attachment C) are the written agreements with the trustee that specify the terms and conditions for issuing the 2021 BANs. The Indentures describe the bonds being offered, the maturity of the program, the protective covenants, the legal obligation of OCTA, the powers of the trustee, and other terms. The Indenture pledges "collateral" to the repayment of the 2021 BANs, which includes draws under the 2021 TIFIA loan agreement, any legally available funds of OCTA (with certain statutory carve-outs), and amounts provided by Orange County Local Transportation Authority (OCLTA) in connection with OCLTA's purchase of OCTA refunding bonds pursuant to the Standby Bond Purchase Agreement (see below). The trustee has the

responsibility, under the Trust Indenture Act of 1939, for ensuring that interest payments are made to registered holders of the 2021 BANs. The Indentures are an agreement between OCTA and the trustee.

Standby Bond Purchase Agreement—The Standby Bond Purchase Agreement is the agreement between OCTA and OCLTA obligating OCLTA to purchase OCTA's BANs refunding bonds, in the event the BANs trustee needs additional amounts after submitting the TIFIA loan draw request to pay off the BANs at their maturity. OCLTA agrees that, among other sources, it will use best efforts to issue Measure M2 (M2) sales tax revenue bonds, including subordinate lien M2 bonds, to finance its purchase of the OCTA refunding bonds. This document is included as Attachment D.

Purchase Contract – This is the agreement between OCTA and the underwriters, which outlines the final terms, conditions, and prices for the sale of the proposed 2021 BANs. The final pricing for the BANs will occur after ratings have been obtained and premarketing efforts completed. This document is included as Attachment E.

Preliminary Official Statement (POS) - This is the preliminary version of the official statement, which generally discloses material information about the BANs issue, including the purpose of the BANs issue, how the BANs will be repaid, and relevant financial and economic characteristics of OCTA and Orange County. It is used by underwriters to market the bonds to investors. The Board has the responsibility under federal securities laws to review the POS to make sure there are no material misstatements or omissions of material facts. This document is included as Attachment F.

Continuing Disclosure Certificate – This is the certificate prepared for the benefit of bondholders outlining the conditions that OCTA must comply with under the Securities and Exchange Commission Rule 15c2-12(b)(5). Under this rule, OCTA is required to provide certain financial information and operating data no later than six months following the end of the fiscal year and to provide notices of the occurrence of certain enumerated events if material. This information will be filed electronically on an annual basis. This document is included as Attachment G.

Cost of Issuance Expenses and Underwriting Fees

Cost of issuance expenses for debt issuances are paid at the closing of a financing transaction. These costs include legal fees, financial advisory fees, trustee fees, rating fees, digital investor roadshow, and other miscellaneous expenditures. The estimated cost of issuance expenses for the 2021 BANs will

total approximately \$500,000. In addition to these costs, the projected underwriting fees for the transaction are estimated at approximately \$500,000.

Next Steps

If the Board approves the financing documents for the proposed 2021 BANs, the financing team will release the POS to the investment community. Investors will review the POS and determine their level of interest in the bonds and whether they require additional information from staff and the financing team.

Following the release of the POS, an investor presentation will be posted online during the week of September 13, 2021. The presentation will focus on the details of the transaction, including the legal structure. The presentation will be recorded by staff and the financing team. Investors will have the option to contact staff or the underwriting team to request additional information or follow-up meetings.

On September 20, 2021, staff will meet with investors and answer any questions prior to pricing the transaction. Staff will meet with the financing team to review final structuring as it relates to recommended coupons and interest rate levels.

Once the 2021 BANs are sold, staff will be provided a list of investors and presented a final spreadsheet detailing the costs of the transaction. OCTA's Chief Financial Officer will execute the purchase contract and the transaction is expected to close by September 30, 2021. On the closing date, all legal documents are executed, and funds are exchanged between parties.

Summary

Staff is seeking approval of the financing documents required to issue the 2021 Bond Anticipation Notes.

Attachments

- A. Orange County Transportation Authority Resolution No. 2021-076
- B. Master Indenture
- C. First Supplemental Indenture
- D. Standby Bond Purchase Agreement
- E. Note Purchase Agreement
- F. Preliminary Official Statement dated September __ , 2021
- G. Continuing Disclosure Certificate

Prepared by:



Robert Davis
Department Manager
Treasury and Public Finance
714-560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
714-560-5649

NO. 2021-076

RESOLUTION OF THE ORANGE COUNTY TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES (I-405 IMPROVEMENT PROJECT), SERIES 2021 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$675 MILLION, THE EXECUTION AND DELIVERY OF A MASTER INDENTURE, FIRST SUPPLEMENTAL INDENTURE, A NOTE PURCHASE AGREEMENT, AN OFFICIAL STATEMENT A CONTINUING DISCLOSURE CERTIFICATE, AND A STANDBY BOND PURCHASE AGREEMENT, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH.

WHEREAS, the Orange County Transportation Authority (the “Authority”) is duly organized and existing under Division 12 of the Public Utilities Code of the State of California (Section 130000 *et seq.*) (the “Act”);

WHEREAS, the Authority is authorized by the Act and California Streets and Highways Code Section 149.7 to issue from time to time its revenue bonds (defined to include indebtedness and securities of any kind or class, including bond anticipation notes);

WHEREAS, in order to finance and refinance: (i) the costs of a project referred to by the Authority as the I-405 Improvement Project (the “Project”), including all costs and estimated costs incidental to, or connected with, the Project, including, without limitation, engineering, planning, inspection costs, program management costs and expenses and land acquisition related thereto; and (ii) expenses of all proceedings for the authorization, issuance and sale of the above-referenced bond anticipation notes, including legal, trustee, financial consultant, trustee and other fees, the Authority proposes to authorize the issuance of a series of bond anticipation notes designated as the Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (the “Series 2021 Notes”), such Series 2021 Notes to be issued in an aggregate principal amount not to exceed \$675,000,000, which is the estimated cost of accomplishing the above-described purposes for which the Series 2021 Notes are to be issued;

WHEREAS, such Series 2021 Notes will be issued pursuant to a Master Indenture (the “Master Indenture”) dated as of September 1, 2021, by and between the Authority and U.S. Bank National Association (the “Trustee”), as amended and supplemented by a First Supplemental Indenture thereto (the “First Supplemental Indenture”) dated as of September 1, 2021, which is proposed to be entered into between the Authority and the Trustee;

WHEREAS, there has been prepared and presented to the Board of Directors of the Authority (the “Board”) a proposed form of the Master Indenture and a proposed form of the First Supplemental Indenture;

WHEREAS, in order to set forth the terms of sale of the Series 2021 Notes, the Authority proposes to enter into a note purchase agreement (the “Purchase Contract”) with BofA Securities, Inc., acting on behalf of itself and as representative of the other underwriters identified therein (collectively, the “Underwriters”) with respect to the Series 2021 Notes;

WHEREAS, there has been prepared and presented to the Board a proposed form of Purchase Contract;

WHEREAS, in order to provide information about the Series 2021 Notes and related matters to purchasers and potential purchasers of the Series 2021 Notes, the Authority proposes to execute and deliver an official statement (the “Official Statement”);

WHEREAS, there has been presented to the Board a proposed form of Official Statement in preliminary form;

WHEREAS, there has been prepared and presented to the Authority a proposed form of Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to be executed and delivered by the Authority to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission;

WHEREAS, there has been prepared and presented to the Board a proposed form of a Standby Bond Purchase Agreement (the “Standby Bond Purchase Agreement”), dated as of September 1, 2021, by and between the Authority and the Orange County Local Transportation Authority (“OCLTA”) to provide an additional source of repayment for the Series 2021 Notes;

WHEREAS, the Authority has been presented with the forms of the Master Indenture, the First Supplemental Indenture, the Purchase Contract, the Official Statement in preliminary form, the Continuing Disclosure Certificate and the Standby Bond Purchase Agreement relating to the financing described herein (the “Financing”) and the Authority has examined and approved each document and desires to authorize and direct the execution of such documents as are specified herein and such other documents as are necessary in connection with the Financing and to authorize and direct the consummation of the Financing;

WHEREAS, in order to accomplish the foregoing, it will be necessary for the Authority to enter into and deliver or approve the following documents, instruments and agreements, forms of which have been prepared and presented to this meeting:

- (1) Master Indenture;
- (2) First Supplemental Indenture;
- (3) Purchase Contract;
- (4) Continuing Disclosure Certificate;
- (5) Official Statement; and
- (6) Standby Bond Purchase Agreement;

WHEREAS, the Board desires to authorize the issuance of the Series 2021 Notes in an aggregate principal amount not to exceed \$675,000,000 outstanding at any one time, to authorize and direct the execution and delivery or approval of each of the above-identified documents, instruments and agreements and the issuance and sale of the Series 2021 Notes pursuant thereto, and to authorize the taking of such other actions as shall be necessary to consummate the Financing;

WHEREAS, Nossaman LLP is serving as bond counsel (“Bond Counsel”) to the Authority in connection with the Series 2021 Notes, Sperry Capital Inc., is serving as municipal advisor (“Municipal Advisor”) to the Authority in connection with the Series 2021 Notes and pursuant to Section 5852.1 of the Government Code of the State of California, the Authority has estimated the costs of issuance for the Series 2021 Notes and has received certain representations and good faith estimates from the Municipal Advisor as to the debt costs and finance charges with respect to the Series 2021 Notes as set forth in Exhibit A hereto; and

WHEREAS, the Authority has full legal right, power and authority under the laws of the State of California to enter into the transactions hereinafter authorized;

NOW THEREFORE, THE ORANGE COUNTY TRANSPORTATION AUTHORITY
DECLARES:

Section 1. Recitals. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of the Series 2021 Notes. The issuance by the Authority of the Series 2021 Notes, in accordance with the provisions set forth in the Master Indenture, as amended and supplemented by the First Supplemental Indenture, in one or more series, in an aggregate principal amount not to exceed \$675,000,000 outstanding at any one time is hereby approved.

Section 3. Approval of the Master Indenture and First Supplemental Indenture. The proposed forms of the Master Indenture and First Supplemental Indenture presented to this meeting and the terms and conditions thereof are hereby approved. The date or dates, maturity dates, a true interest cost not to exceed .75% per annum with respect to the Series 2021 Notes, denominations (which shall not be less than \$5,000 and in integral multiples of \$5,000 in excess thereof), forms, registration and exchange privileges, place or places of payment, terms of redemption, if any, offering price and other terms of the Series 2021 Notes shall be as provided in said Master Indenture, as amended and supplemented by the First Supplemental Indenture, as finally executed and delivered.

The Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer or Director of Finance and Administration of the Authority (each, an “Authorized Officer of the Authority”), acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Master Indenture and the First Supplemental Indenture, in substantially said forms, with such changes therein as the Authorized Officer of the Authority executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Approval of the Official Statement. The proposed form of the Official Statement describing the Series 2021 Notes and related matters, submitted to the Authority, is hereby approved. Any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver the final Official Statement in substantially such form, and with such additions thereto or changes therein, as such Authorized Officer of the Authority, with the advice

of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Official Statement; and any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver a certificate confirming that the Official Statement in preliminary form is “deemed final” by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12. The distribution by the Underwriters of copies of the Official Statement in final form to all actual purchasers of the Series 2021 Notes and the distribution by the Underwriters of the Official Statement in preliminary form to potential purchasers of the Series 2021 Notes are hereby authorized and approved.

Section 5. Approval of the Purchase Contract. The proposed form of the Purchase Contract providing for the sale of the Series 2021 Notes submitted to the Authority, and the terms and conditions thereof, are hereby approved. The sale of the Series 2021 Notes to the Underwriters at the principal amount thereof, less an Underwriters’ discount (or subject to an Underwriters’ fee payable by the Authority to the Underwriters) of not to exceed \$510,000 in accordance with said Purchase Contract, be and is hereby authorized and approved, and any Authorized Officer of the Authority is authorized and directed to complete, execute and deliver the Purchase Contract in substantially such form, providing for the sale of the Series 2021 Notes not to exceed \$675,000,000 in aggregate principal amount, with such interest rates, maturities, premiums and discounts to be specified therein, and with such additions thereto or changes therein, as such Authorized Officer of the Authority executing the same, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract.

Section 6. Approval of the Standby Bond Purchase Agreement. The proposed form of the Standby Bond Purchase Agreement presented to this meeting and the terms and conditions thereof are hereby approved. An Authorized Officer of the Authority, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Standby Bond Purchase Agreement, in substantially said form, with such changes therein as the Authorized Officer of the Authority executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Approval of the Continuing Disclosure Certificate. Any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver a Continuing Disclosure Certificate in substantially the form submitted to the Authority with such changes and additions as such Authorized Officer of the Authority executing the same, with the advice of Bond Counsel, shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. Delegation to Authorized Officer. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing which may be necessary or desirable in connection with any investment of proceeds of the Series 2021 Notes, any amendment of any of the documents authorized by this Resolution, the removal or replacement of the Trustee, issuing escrow and/or investment instructions to the Trustee regarding the defeasance of a portion of the 2010 Series A Notes or any similar action may be given or taken by any Authorized Officer of the Authority, without further authorization or direction by this

Board, and each Authorized Officer of the Authority is hereby authorized and directed to give any such approval, consent, direction, notice, order, request or other action and to take any such action which such Authorized Officer of the Authority may deem necessary or desirable to further the purposes of this Resolution.

All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the issuance of the Series 2021 Notes, which may be necessary or desirable in connection with any amendment of, or default under, such documents, settlements or revisions, may be taken or given by any Authorized Officer of the Authority, without further authorization by this Board, and each Authorized Officer of the Authority is hereby authorized and directed to give such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this Resolution and the transactions contemplated hereby.

Section 9. Ratification of Actions; Completion of Financing. All actions heretofore taken by the officers and agents of the Authority with respect to the Financing and the issuance and sale of the Series 2021 Notes are hereby ratified, confirmed and approved. If at the time of execution of any of the documents authorized herein, an Authorized Officer of the Authority is unavailable, such documents may be executed by another officer of the Authority designated in writing by the Chief Executive Officer of the Authority.

The proper officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, any tax certificates or agreements, any agreements for depository services, and any agreements for rebate compliance services, which they, or any of them, may deem necessary or advisable in order to consummate the Financing and the issuance and sale of the Series 2021 Notes and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, this Resolution, the Series 2021 Notes and the documents approved hereby.

Section 10. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

PASSED AND ADOPTED on September 13, 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair of the Orange County
Transportation Authority

This RESOLUTION was entered into
at a meeting of the Orange County
Transportation Authority held
September 13, 2021, in Orange, California.

Attest:

Clerk of the Board

Approved as to Form

By: _____
James Donich, Esq.
General Counsel to Authority

EXHIBIT A TO RESOLUTION

GOOD FAITH ESTIMATES

ORANGE COUNTY TRANSPORTATION AUTHORITY BOND ANTICIPATION NOTES (I-405 IMPROVEMENT PROJECT) SERIES 2021

The following information was obtained from BofA Securities, Inc., as Representative of the Underwriters of the Series 2021 Notes and Sperry Capital Inc., as Municipal Advisor to the Authority with respect to the Series 2021 Notes, for consideration prior to the authorization in the foregoing Resolution of the proposed Series 2021 Notes:

1. True Interest Cost of the Series 2021 Notes. Assuming an aggregate principal amount of the Series 2021 Notes in the amount of \$675,000,000 is sold pursuant to the financing and based on market interest rates prevailing at the time of preparation of this information plus 40 basis points, a good faith estimate of the true interest cost of the Series 2021 Notes, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2021 Notes, is 0.683%*.
2. Finance Charge of the Series 2021 Notes. Assuming such a principal amount of the proposed Series 2021 Notes is sold and based on market interest rates prevailing at the time of preparation of this information plus 40 basis points, a good faith estimate of the Finance Charge of the Series 2021 Notes, which means the sum of all fees and charges paid to third parties (or costs associated with the issuance of the Series 2021 Notes), is \$1,006,250.00*.
3. Amount of Proceeds to be Received. Assuming such aggregate principal amount of the proposed Series 2021 Notes required to effectuate the financing is sold and based on market interest rates prevailing at the time of preparation of this information plus 40 basis points, a good faith estimate of the amount of proceeds expected to be received by the issuer for sale of the Series 2021 Notes less the Finance Charge of the Series 2021 Notes described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the Series 2021 Notes, is \$659,392,000.00*.
4. Total Payment Amount. Assuming such aggregate principal amount of the proposed Series 2021 Notes (\$675,000,000.00) are sold and based on market interest rates prevailing at the time of preparation of this information plus 40 basis points, a good faith estimate of the total payment amount, which means the sum total of all payments the issuer will make to pay debt service on the Series 2021 Notes plus the Finance Charge of the Series 2021 Notes described in paragraph 2 above not paid with the proceeds of the Series 2021 Notes, calculated to the final maturity of the Series 2021 Notes, is \$777,750,000.00*.

* Preliminary, subject to change

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount

may vary from the estimates above due to variations from these estimates in the timing of the Series 2021 Notes sales, the amount of Series 2021 Notes sold, the amortization of the Series 2021 Notes sold and market interest rates at the time of sale. The date or dates of sale and the amount of Series 2021 Notes sold will be determined by the Authority based on need for funds and other factors. The actual interest rates at which the Series 2021 Notes will be sold will depend on the bond market at the time of sale. The actual amortization of the Series 2021 Notes will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the Authority's control.

CERTIFICATE OF THE CLERK OF THE BOARD OF THE
ORANGE COUNTY TRANSPORTATION AUTHORITY

I, _____, Clerk of the Board of the Orange County Transportation Authority (the “Authority”), hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the governing board of said Authority duly and regularly held in Orange, California, on September 13, 2021, of which meeting all of the members of said Authority had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

I further certify that an agenda of said meeting was posted at least 72 hours before said meeting at a location in Orange, California, freely accessible to the public and a brief general description of the resolution to be adopted at said meeting appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate hereto as of this date,
_____, 2021.

By: _____
Its: Clerk of the Board

MASTER INDENTURE

by and between

ORANGE COUNTY TRANSPORTATION AUTHORITY,
as Issuer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

relating to

Orange County Transportation Authority
Bond Anticipation Notes
(I-405 Improvement Project)

Dated as of September 1, 2021

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MASTER INDENTURE

THIS MASTER INDENTURE, dated as of September 1, 2021 (this “*Indenture*”), is entered into by and between the **ORANGE COUNTY TRANSPORTATION AUTHORITY**, a regional transportation authority duly established and existing under the laws of the State of California (the “*Issuer*”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “*Trustee*”);

WITNESSETH:

WHEREAS, the Issuer is duly established and existing under Section 130052 of the Public Utilities Code of the State of California (the “*State*”); and

WHEREAS, the Issuer is authorized to issue from time to time bonds or notes and incur from time to time other obligations secured by and payable in whole or in part from its assets and revenues (as more fully defined in Section 1.02 hereof); and

WHEREAS, the Issuer plans to issue from time to time notes and incur from time to time other obligations secured by and payable from the Collateral; and

WHEREAS, the Issuer has determined to enter into this Indenture in order to provide for the issuance, authentication and delivery of notes secured by and payable from the Collateral (the “*Notes*”), to establish and declare the terms and conditions upon which the Notes and other obligations secured by and payable from the Collateral shall be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest on obligations secured by the Collateral on a basis subordinate to the Notes (as more fully defined in Section 1.02 hereof, “*Subordinate Obligations*”); and

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

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Notes at any time issued, authenticated and delivered hereunder, to secure the payment of Subordinate Obligations (as more fully defined in Section 1.02 hereof) in accordance with terms hereof and to provide the terms and conditions under which all property, rights and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Notes, and Subordinate Obligations by the owners or holders thereof, and

for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuer does hereby agree and covenant with the Trustee for the benefit of the respective owners, from time to time, of the Notes, or any part thereof, and for the benefit of the holders of Subordinate Obligations in accordance with terms hereof, as follows:

ARTICLE I

EQUALITY OF SECURITY; DEFINITIONS; CONTENT OF CERTIFICATES

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

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

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

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

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

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

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

“*Authorized Representative*” means the chief executive officer, chief financial officer and director of finance and administration of the Issuer or such other person as may be designated to act on behalf of the Issuer by resolution of the Board or by a written certificate delivered to the Trustee by an Authorized Representative.

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

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

“*Business Day*” means, except as is otherwise provided in the Supplemental Indenture pursuant to which a Series of Notes are issued, any day other than (a) a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York or the jurisdiction in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed; (b) for purposes of payments and other actions relating to Notes secured by a Credit Enhancement or supported by a Liquidity Facility, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the Credit Enhancement or Liquidity Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed; (c) a day on which the New York Stock Exchange is closed; or (d) a day on which the payment system of the Federal Reserve System is not operational.

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

“*Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” and “*Order*” mean, of the Issuer, respectively, a written certificate, statement, request, requisition or order signed in the name of the Issuer by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 hereof, each such instrument shall include the statements provided for in Section 1.03 hereof.

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

“*Collateral*” means: (a) proceeds from draws under the TIFIA Loan Agreement so long as the TIFIA Loan Agreement is in full force and effect; (b) any legally available funds of the Issuer except (i) LTF Revenue, (ii) federal grant funds, (iii) any revenues and assets with respect to the SR 91 Express Lanes, and (iv) any revenues received from operation of the freeway callbox system

in Orange County and the freeway service patrol; (c) proceeds from the purchase and sale of Issuer bonds by OCLTA under and pursuant to the Standby Bond Purchase Agreement; and (d) all amounts held by the Trustee in the funds and accounts established hereunder, including investment earnings thereon, excluding amounts deposited to the Rebate Fund.

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

“*Corporate Trust Office*” or “*corporate trust office*” means the corporate trust office of the Trustee at U.S Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071. Attention: Global Corporate Trust or such other or additional offices as may be designated by the Trustee from time to time; provided, that for registration, transfer, exchange, surrender and payment of the Notes, Corporate Trust Office shall initially mean the corporate trust operations office of the Trustee in Saint Paul, Minnesota.

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

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

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

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

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

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

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

(b) in determining the principal amount due in each Fiscal Year, payment shall (unless a different clause of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such Notes, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Notes on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond;

(c) if any Notes bear, or if any Notes proposed to be issued will bear, interest at a variable interest rate and the interest on which is excluded or expected to be excluded from gross income for federal income tax purposes, the interest rate on such Notes for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average of the SIFMA Swap Index for the five years preceding such date of calculation (provided, however, that if such index is no longer published, the interest rate on such Notes shall be calculated based upon such similar index as the Issuer shall designate in writing to the Trustee);

(d) if any Notes bear, or if any Notes proposed to be issued will bear, interest at a variable interest rate and the interest on which is included or expected to be included in gross income for federal income tax purposes, the interest rate on such Notes shall be calculated at an interest rate equal to 100% of the average One Month USD LIBOR Rate during the five years preceding such date of calculation or such higher rate as shall be specified in a Certificate of the Issuer delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Notes shall be calculated based upon such similar index as the Issuer shall designate in writing to the Trustee);

(e) if any Notes feature an option, on the part of the owners or an obligation under the terms of such Notes, to tender all or a portion of such Notes to the Issuer, the Trustee or other fiduciary or agent, and requires that such Notes or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Notes, the options or obligations of the owners of such Notes to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity; and

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

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

“*Excluded Principal Payments*” means each payment of principal of Notes which the Issuer determines (in the Certificate of the Issuer delivered to the Trustee) that the Issuer intends to pay with moneys that are not Collateral (such as commercial paper, balloon indebtedness or bond anticipation notes) but from future debt obligations of the Issuer, grants from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the Issuer, upon which determination of the Issuer the Trustee may conclusively rely. No such determination shall affect the security for such Notes or the obligation of the Issuer to pay such payments from the Collateral or amounts on deposit in a reserve fund, if any, securing such Notes.

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

“*Fitch*” means Fitch Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a nationally recognized statistical ratings organization, then the term “Fitch” shall be deemed to refer to any other nationally recognized statistical ratings organization selected by the Issuer.

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

“*Indenture*” means this Master Indenture, dated as of September 1, 2021, by and between the Issuer and the Trustee, as originally executed or as it may from time to time be amended and/or supplemented by any Supplemental Indenture delivered pursuant to the provisions hereof.

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

“*Insurer*” means any provider of Insurance with respect to all or a portion of a Series of Notes.

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

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

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

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

(i) cash;

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

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

(A) Export-Import Bank;

(B) Farm Credit System Financial Assistance Corporation;

(C) Rural Economic Community Development Administration (formerly the Farmers Home Administration);

(D) General Services Administration;

(E) U.S. Maritime Administration;

(F) Small Business Administration;

(G) Government National Mortgage Association (“*GNMA*”);

(H) U.S. Department of Housing & Urban Development (“*PHA’s*”)

(I) Federal Housing Administration; and

(J) Federal Financing Bank; and

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

(A) senior debt obligations issued by the Federal National Mortgage Association (“*FNMA*”) or Federal Home Loan Mortgage Corporation (“*FHLMC*”);

(B) obligations of the Resolution Funding Corporation (“*REFCORP*”);

(C) senior debt obligations of the Federal Home Loan Bank System; and

(D) senior debt obligations of other government sponsored agencies approved by each Credit Enhancement Provider then providing Credit Enhancement for a Series of Notes.

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

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

(i) commercial paper rated at the time of purchase in the single highest classification, "A-1" by S&P or "P-1" by Moody's and that matures not more than 270 days after the date of purchase;

(ii) investments in a money market fund rated at the time of investment "AAAm" or "AAAm-G" or better by S&P including funds for which the Trustee or an affiliate provides investment advice or other services;

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

(E) that are rated at the time of purchase, based on an irrevocable escrow account or fund (the "*escrow*"), in the highest rating category of S&P and Moody's or any successors thereto; or

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

(iv) general obligations of states with a rating, at the time of purchase, of at least "A2"/"A" or higher by both Moody's and S&P;

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

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

(vii) shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State that invests exclusively in investments permitted by Section 53601 of Title 5 Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(viii) the commingled investment fund of the County of Orange, California, which is administered in accordance with the investment policy of said County as established by the Treasurer thereof, as permitted by Section 53601 of the Government Code of the State, copies of which policy are available upon written request to said Treasurer; and

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

“Issuer” means the Orange County Transportation Authority, a regional transportation authority duly established and existing under the laws of the State, and any successor thereto. *“KBRA”* means the Kroll Bond Rating Agency, LLC, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a nationally recognized statistical ratings organization, then the term *“Kroll”* shall be deemed to refer to any other nationally recognized statistical ratings organization selected by the Issuer.

“Liquidity Facility” means, with respect to a Series of Notes, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, which secures or guarantees the payment of the purchase price of such Series of Notes under certain conditions specified therein, issued by a commercial bank, insurance company, pension fund or other institution, and delivered or made available to the Trustee, as from time to time amended or supplemented pursuant to its terms, or, in the event of the delivery or availability of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

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

under a Credit Enhancement in the form of a letter of credit or other similar instrument shall be treated as Liquidity Facility Notes.

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

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

“*LTF Revenues*” means the amounts received by the Issuer pursuant to the TDA from the county Local Transportation Fund, consisting of a portion of the revenues generated in (and apportioned to) Orange County from the one-fourth of 1% of the current California statewide sales tax in Orange County made available for public transportation operating and capital expenditures in Orange County, as allocated to the Issuer by the Orange Area Council of Governments.

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

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

“*Maximum Annual Debt Service*” means the maximum amount of Annual Debt Service becoming due and payable on all Notes Outstanding during the period from the date of such calculation through the final maturity date of the Notes, calculated utilizing the assumptions set forth under the definition of Debt Service.

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

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a nationally recognized statistical ratings organization, then the term “Moody’s” shall be deemed to refer to any other nationally recognized statistical ratings organization selected by the Issuer.

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

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

“Notes” means the Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project) authorized by, and at any time Outstanding pursuant to, this Indenture.

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

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

“OCLTA” means the Orange County Local Transportation Authority, a local transportation authority duly formed and existing under Sections 180000 et seq. of the California Public Utilities Code.

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

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

“Participating Underwriter” means any of the original underwriters of a Series of Notes required to comply with Rule 15c2-12.

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

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

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

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

“*Rating Agency*” means, as and to the extent applicable to a Series of Notes, each of [RATING AGENCY] and Moody’s, but, in each instance, only so long as each such Rating Agency then maintains a rating on such Series of Notes at the request of the Issuer.

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

“*Rebate Fund*” means the fund by that name established pursuant to Section 5.09 hereof.

“*Rebate Instructions*” means, with respect to any Series of Notes the interest on which is exempt from taxation under the Code, those calculations and directions required to be delivered to the Trustee by the Issuer pursuant to the Tax Certificate delivered in connection with such Series of Notes.

“*Rebate Requirement*” means, with respect to any Series of Notes the interest on which is exempt from taxation under the Code, the Rebate Requirement determined in accordance with the Tax Certificate delivered in connection with such Series of Notes.

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

“*Redemption Fund*” means the fund by that name established pursuant to Section 5.08 hereof.

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

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

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

“*Revenue Fund*” means the fund by that name established pursuant to Section 5.01 hereof.

“*Reserve Fund*” means any debt service reserve fund established under and pursuant to a Supplemental Indenture meeting the requirements of Section 5.02 hereof.

“*Reserve Fund Requirement*” means the amount required to be deposited to a Reserve Fund as provided in a Supplemental Indenture.

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

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

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

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

“*Series 2021 Notes*” means the Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 authorized by, and at any time Outstanding pursuant to, this Indenture.

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

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

“*Standby Bond Purchase Agreement*” means that certain Standby Bond Purchase Agreement dated as of September 1, 2021, by and between the Issuer and OCLTA.

“*State*” means the State of California.

“*Subordinate Obligations*” means any obligations of the Issuer issued or incurred in accordance with Section 3.05(d) hereof, which obligations are secured hereunder by the pledge

made pursuant to Section 5.01 hereof and payable from the Collateral on a basis subordinate to the Notes.

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

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

“*Tax Certificate*” means each Tax Certificate delivered by the Issuer at the time of issuance and delivery of a Series of Notes the interest on which is exempt from taxation under the Code, as the same may be amended or supplemented in accordance with its terms.

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

“*TIFIA Loan Agreement*” means that certain TIFIA Loan Agreement dated as of _____, 2021, by and between the Issuer as Borrower and the United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau as TIFIA Lender.

“*Trustee*” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or its successor, as Trustee as provided in Section 8.01 hereof.

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

Any such certificate given by an officer of the Issuer may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, a financial advisor, an investment banker or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, a financial advisor, an investment banker or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Issuer) upon a certificate or opinion of or representation by an officer of the Issuer, unless such counsel, accountant, financial advisor, investment banker or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation

with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Issuer, or the same counsel, accountant, financial advisor, investment banker or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants, financial advisors, investment bankers or independent consultants may certify to different matters, respectively.

ARTICLE II

THE NOTES

Section 2.01. Authorization of Notes. Notes may be issued hereunder as fully registered Notes without coupons, in book-entry form or otherwise, from time to time as the issuance thereof is approved by the Issuer. The maximum principal amount of Notes which may be issued hereunder is not limited; subject, however, to any limitations contained in the Law and to the right of the Issuer, which is hereby reserved, to limit the aggregate principal amount of Notes which may be issued or Outstanding hereunder. The Notes are designated as "Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project)" each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Notes. The Notes may be issued in such Series as from time to time shall be established and authorized by the Issuer, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Notes. The Notes of each Series shall bear interest, if any, at such rate or rates or determined in such manner and payable at such intervals as may be determined by the Issuer at the time of issuance thereof pursuant to the Supplemental Indenture under which issued, not to exceed the Maximum Rate, and shall mature and become payable on such date or dates and in such year or years as the Issuer may determine by the Supplemental Indenture creating such Series. Principal of and interest on such Notes shall be payable in such manner as may be specified in the Supplemental Indenture creating such Series. The Notes of each Series shall be issued in such denominations as may be authorized by the Supplemental Indenture creating such Series.

Unless otherwise provided in the Supplemental Indenture delivered in connection with such Series of Notes, the Notes of each Series shall be initially registered in the name of "Cede & Co.," as nominee of the Securities Depository and shall be evidenced by one Note certificate for each maturity of each Series of Notes bearing interest at a particular rate of interest per annum. Registered ownership of any Series of Notes, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10 hereof, or in the event the use of the Securities Depository is discontinued, in accordance with the provisions set forth in Section 2.05 hereof.

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

Section 2.04. Execution of Notes. The Notes shall be executed in the name and on behalf of the Issuer by the facsimile or manual signature of an Authorized Representative. Unless otherwise provided in any Supplemental Indenture, the Notes shall then be delivered to the Trustee

for authentication by the Trustee. In case any of the officers who shall have signed any of the Notes shall cease to be such officer or officers of the Issuer before the Notes so signed shall have been authenticated or delivered by the Trustee or issued by the Issuer, such Notes may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as though those who signed the same had continued to be such officers of the Issuer, and also any Note may be signed on behalf of the Issuer by such persons as at the actual date of execution of such Note shall be the proper officers of the Issuer although at the nominal date of such Note any such person shall not have been such officer of the Issuer.

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

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

Whenever any Note or Notes shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver a new Note or Notes, of the same Series, tenor, maturity and interest rate and a like aggregate principal amount; provided that, unless otherwise provided in any Supplemental Indenture, no registration of transfer may occur during the period established by the Trustee for selection of Notes for redemption, or of any Note or portion of a Note so selected for redemption. The Trustee shall require the Noteholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

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

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

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

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

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

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

(i) to any successor of the Securities Depository or its nominee, or to any substitute depository designated pursuant to Section 2.10(a)(ii) below (each, a “*substitute depository*”); provided that any successor of the Securities Depository or substitute depository is qualified under any applicable laws to provide the service proposed to be provided by it;

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

(iii) to any Person as provided below, upon (A) the resignation of the Securities Depository or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository can be obtained; or (B) to the extent permitted by law, a determination by the Issuer that it is in the best interests of the Issuer to remove the Securities Depository or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant Section 2.10(a)(i) or (ii) hereof, upon receipt of the Outstanding Notes by the Trustee, together with a Statement of the Issuer to the Trustee, a single new Note for each maturity of each Series of Notes bearing a particular rate of interest per annum then Outstanding shall be executed and delivered in the aggregate principal amount of the Notes of such Series then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Statement of the Issuer. In the case of any transfer pursuant to Section 2.10(a)(iii) hereof, upon receipt of the Outstanding Notes by the Trustee together with the Statement of the Issuer to the Trustee, new Notes of each Series then Outstanding shall be authorized and prepared by the Issuer and authenticated and delivered by the Trustee in such authorized denominations and registered in the names of such Persons as are requested in such a Statement of the Issuer, numbered in such manner as the Trustee shall determine, subject to the limitations of Section 2.02 hereof.

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

(d) The Issuer and the Trustee shall be entitled to treat the Person in whose name any Note is registered as the Noteholder thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Issuer; and the Issuer and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying or otherwise dealing with any Beneficial Owners of the Notes. Neither the Issuer nor the Trustee will have any responsibility or

obligations, legal or otherwise, to the Beneficial Owners or to any other party including the Securities Depository or its successor (or substitute depository or its successor), except for the Holder of any Note.

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

ARTICLE III

ISSUANCE OF NOTES

Section 3.01. Issuance of Notes. Whenever the Issuer determines to issue a Series of Notes hereunder, the Issuer (a) shall authorize the execution of a Supplemental Indenture specifying the principal amount, and prescribing the forms of Notes of such Series and providing the terms, conditions, distinctive designation, denominations, date, maturity date or dates, interest rate or rates (or the manner of determining the same), the Maximum Rate, redemption provisions, tender provisions, if any, and place or places of payment of principal or Redemption Price, if any, of and interest on such Notes, and any other provisions respecting the Notes of such Series not inconsistent with the terms of this Indenture; (b) shall execute such Supplemental Indenture; and (c) shall deliver such Supplemental Indenture to the Trustee for execution.

Section 3.02. Issuance of Additional Notes. Subsequent to the issuance of the Series 2021 Notes but only so long as the Series 2021 Notes are no longer Outstanding, the Issuer may by Supplemental Indenture establish one or more additional Series of Notes, payable from Collateral and secured by the pledge made under this Indenture equally and ratably with the Series 2021 Notes, and the Issuer may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Notes of any Series so established, in such principal amount as shall be determined by the Issuer, but only with respect to each additional Series of Notes issued subsequent to the Series 2021 Notes issued hereunder, upon compliance by the Issuer with the provisions of this Section 3.02, Section 3.03 hereof and any additional requirements set forth in said Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Notes:

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

(b) Subject to the provisions of Section 5.05 hereof, if a Supplemental Indenture providing for the issuance of such Series requires either (i) the establishment of a Note Series Reserve Fund to provide additional security for such Series of Notes; or (ii) that the balance on deposit in an existing Note Series Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such Series, to an amount at least equal to the Reserve Requirement with respect to such Series of Notes and all other Notes secured by such Note Series Reserve Fund to be considered Outstanding upon the issuance of such

additional Series of Notes, then the Supplemental Indenture providing for the issuance of such additional Series of Notes shall require deposit of the amount necessary. Said deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Notes and may be made from the proceeds of the sale of such Series of Notes or from other funds of the Issuer or from both such sources or may be made in the form of a Reserve Facility.

(c) The aggregate principal amount of Notes issued hereunder shall not exceed any limitation imposed by the Law or any other law or by any Supplemental Indenture.

(d) Principal payments of each additional Series of Notes shall be due on April 15 or October 15 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Issuer with regard to the type of Note to be issued, and, if the interest on such Series of Notes is to be paid semiannually, such interest payments shall be due on April 15 and October 15 in each year to the extent deemed practical in the reasonable judgment of the Issuer with regard to the type of Note to be issued.

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

Section 3.03. Proceedings for Issuance of Additional Notes. Subsequent to the issuance of the Series 2021 Notes, before any additional Series of Notes shall be issued and delivered, the Issuer shall deliver each of the documents identified below to the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Notes have been satisfied):

(a) a Supplemental Indenture authorizing such Series executed by the Issuer;

(b) a Certificate of the Issuer certifying: (i) that no Event of Default has occurred and is then continuing (or the issuance of such additional Series of Notes will cure any such Event of Default); and (ii) that the requirements specified in Section 3.02(b) and Section 3.02(c) hereof have been satisfied by the Issuer; and

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

Section 3.04. Issuance of Refunding Notes.

(a) Refunding Notes may be authorized and issued by the Issuer; provided that the Trustee shall have been provided with a Certificate of the Issuer to the effect that the Issuer has determined that Maximum Annual Debt Service on all Notes Outstanding following the issuance of such Refunding Notes is less than or equal to Maximum Annual

Debt Service on all Notes Outstanding prior to the issuance of such Refunding Notes. Such Refunding Notes may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

- (i) the principal or Redemption Price of the Outstanding Notes to refunded;
- (ii) all expenses incident to the calling, retiring or paying of such Outstanding Notes and the Costs of Issuance of such Refunding Notes;
- (iii) interest on all Outstanding Notes to be refunded to the date such Notes will be called for redemption or paid at maturity;
- (iv) interest on the Refunding Notes from the date thereof to the date of payment or redemption of the Notes to be refunded; and
- (v) funding a debt service reserve fund for the Refunding Notes, if required.

(b) Before such Series of Refunding Notes is issued and delivered pursuant to this Section 3.04, the Issuer shall deliver each of the documents identified below to the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Refunding Notes have been satisfied):

- (i) a Supplemental Indenture authorizing such Series of Refunding Notes executed by the Issuer;
- (ii) a Certificate of the Issuer certifying: (A) that Maximum Annual Debt Service on all Notes that will be outstanding following the issuance of such Series of Refunding Notes is less than or equal to Maximum Annual Debt Service on all Notes Outstanding outstanding prior to the issuance of such Refunding Notes; and (B) that the requirements of Sections 3.02(a), (b), and (c) hereof are satisfied;
- (iii) if any of the Notes to be refunded are to be redeemed prior to their stated maturity dates, irrevocable instructions to the Trustee to give the applicable notice of redemption or a waiver of the notice of redemption signed by the Holders of all or the portion of the Notes to be redeemed, or proof that such notice has been given by the Issuer; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Issuer may cause to be deposited with the Trustee all of the Notes proposed to be redeemed (whether canceled or uncanceled) with irrevocable instructions to the Trustee to cancel said Notes so to be redeemed upon the exchange and delivery of said Refunding Notes; and provided further that no provision of this Indenture shall be construed to require the redemption of Notes prior to their respective maturity dates in connection with the refunding thereof; and

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

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

Section 3.05. Limitations on the Issuance of Obligations Payable From Collateral; Subordinate Obligations. The Issuer will not, so long as any of the Notes are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from the Collateral except as set forth below:

- (a) “Notes” authorized pursuant to Sections 3.01 and 3.02 hereof;
- (b) “Refunding Notes” authorized pursuant to Section 3.04 hereof;
- (c) “Subordinate Obligations”, provided that the following conditions to issuance or incurrence of such Subordinate Obligations are satisfied:
 - (i) such Subordinate Obligations have been duly and legally authorized by the Issuer for any lawful purpose;
 - (ii) no Event of Default shall have occurred and then be continuing (or the issuance of such Subordinate Obligations will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Issuer to that effect; and
 - (iii) as and to the extent applicable, the Trustee is designated as paying agent or trustee for such Subordinate Obligations and the Issuer delivers to the Trustee a transcript of the proceedings providing for the issuance of such Subordinate Obligations (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Subordinate Obligations).
- (d) Calculation of Maximum Annual Debt Service With Respect to Notes. For purposes of this Article III, Maximum Annual Debt Service with respect to Notes shall be determined no later than the date of delivery of such Notes, and no earlier than the sixtieth (60th) day preceding the date of pricing or sale of such Notes, utilizing the assumptions set forth in the definition of Debt Service.

Section 3.06. Application of Proceeds. Proceeds of each Series of Notes shall be applied as specified in the Supplemental Indenture pursuant to which such Series of Notes is issued.

ARTICLE IV

REDEMPTION, TENDER AND PURCHASE OF NOTES

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

Section 4.02. Notice of Redemption. Unless otherwise specified in a Supplemental Indenture establishing the terms and provisions of a Series of Notes, each notice of redemption shall be mailed by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to each Holder and the Repository. A copy of such notice shall also be provided to each of the Notice Parties with respect to Series of Notes to which such notice relates. Notice of redemption to the Holders, the Repository and the applicable Notice Parties shall be given by first class mail or by acceptable electronic means. Each notice of redemption shall state the date of such notice, the date of issue of the Series of Notes to which such notice relates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number, if any, of the maturity or maturities, and, in the case of Notes to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Notes the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Note to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Notes be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Issuer nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Note or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Issuer nor the Trustee shall be liable for any inaccuracy in such CUSIP numbers.

Failure by the Trustee to give notice to any Notice Party or the Repository or failure of any Holder, any Notice Party or any Repository to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

With respect to any notice of optional redemption of Notes delivered pursuant to this Section 4.02 or any provision of any Supplemental Indenture, unless, upon the giving of such notice, such Notes shall be deemed to have been paid within the meaning of Article X hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Notes to be redeemed, and that if such amounts are not so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Notes. The Issuer may also instruct the Trustee to provide conditional notice of optional redemption, which may be conditioned on the occurrence of any other event if such notice states that if such event does not occur said notice shall be of no force and effect and the Issuer shall not

be required to redeem such Notes. If such notice of optional redemption contains such a condition and such amounts are not so received or such event does not occur, the optional redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received or such event did not occur and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Such failure to optionally redeem such Notes shall not constitute an Event of Default.

Any notice of optional redemption given pursuant to this Section 4.02 may be rescinded by written notice given to the Trustee by the Issuer no later than five (5) Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section 4.02 hereof.

Section 4.03. Partial Redemption of Notes. Upon surrender of any Note redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Issuer, a new Note or Notes of authorized denominations, and of the same Series and maturity, equal in aggregate principal amount to the unredeemed portion of the Note surrendered.

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

All Notes redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

ARTICLE V

COLLATERAL

Section 5.01. Pledge of Collateral

- (a) (i) So long as any Notes are Outstanding or Subordinate Obligations or or any other amounts payable hereunder remain unpaid, the Issuer covenants and agrees that the Issuer shall transfer to the Trustee an amount of Collateral required for the Trustee to make the transfers and deposits required to be made by the Trustee during such month by Sections 5.02 and 5.05 hereof. Notwithstanding the foregoing sentence, the Issuer shall not be required to make all or any portion of

such required transfer of Collateral in any month to the extent it has, no later than the last Business Day of the immediately preceding month, transferred to the Trustee for deposit in the Revenue Fund amounts other than Collateral in lieu of such required transfer of Collateral (or portion thereof). The Trustee shall forthwith deposit in a trust fund, designated as the “*Revenue Fund*,” which fund the Trustee shall establish and maintain, all Collateral transferred to the Trustee by the Issuer for deposit therein, when and as received by the Trustee.

(ii) As security for the payment of all amounts owing on the Notes and the Subordinate Obligations, in the amounts and with the priorities set forth herein and in the Notes, the Issuer hereby irrevocably pledges to the Trustee: (A) all Collateral; (B) all funds and accounts established hereunder (other than the Rebate Fund, any Letter of Credit Fund and any Purchase Fund) and all investments, money, instruments, and other property credited thereto or on deposit therein; and (C) all proceeds thereof, whether now existing or hereafter arising, subject to the provision of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture. This collateral shall immediately be subject to this pledge, and this pledge shall constitute a lien and security interest that immediately attaches to the collateral and is effective, binding and enforceable against the Issuer and all others asserting the rights therein, to the extent set forth, and in accordance with, this Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act.

(iii) All Notes shall be of equal rank without preference, priority or distinction of any Notes over any other Notes. All Subordinate Obligations shall be of equal rank without preference, priority or distinction of any Subordinate Obligations over any other Subordinate Obligations.

(iv) The Trustee shall hold all funds and accounts established hereunder (other than the Rebate Fund, any Letter of Credit Fund and any Purchase Fund), and all investments, money, instruments and other property credited thereto or on deposit therein, in trust for the benefit of the holders of the Notes and the Subordinate Obligations. Such property shall be applied solely as provided in this Indenture.

(b) The Notes are limited obligations of the Issuer and are secured as to payment of both principal and interest, and any premium upon redemption thereof, exclusively from the Collateral pledged hereunder.

Section 5.02. Allocation of Collateral.

(a) So long as any Notes are Outstanding, or Subordinate Obligations, or any other amounts payable hereunder remain unpaid, in each month the Trustee shall set aside, the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the Notes and, as and to the extent applicable, Subordinate Obligations) in the following amounts, in

the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Collateral 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 if any of the deposits or transfers requires more than one such deposit or payment and there are not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys:

(i) *Interest Fund.* On or before April 15 and October 15 of each year that the Notes are outstanding, the Trustee shall set aside in the Interest Fund as soon as practicable in such month an amount equal to (A) the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Current Interest Notes (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Notes or other source and reserved as capitalized interest to pay such interest), until the requisite half-yearly amount of interest on all such Outstanding Current Interest Notes is on deposit in such fund. The Trustee shall not make a deposit into the Interest Fund with respect to any Notes if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six months upon all of the Notes issued hereunder and then Outstanding. On April 15 and October 15 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Notes having interest payment dates other than April 15 and October 15) shall be transferred to the Issuer (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Notes or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

(ii) *Principal Fund; Sinking Accounts.* On or before the principal due date with respect to the Notes, including the date when Mandatory Sinking Account Payments are due and payable, the Trustee shall set aside in the Principal Fund an amount equal to the aggregate principal amount of Note Obligation becoming due and payable on the Outstanding Notes; provided that if the Issuer certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in the Reserve Fund that would be in excess of the Reserve Requirement applicable to such Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment over any other such payment.

If the Collateral is not sufficient to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Note Obligation to become due and payable on the Outstanding Serial Notes of all Series plus the Note Obligation amount of and redemption premium on the Outstanding Term Notes required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate

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

The Trustee shall not make a deposit into the Principal Fund if such fund has (1) moneys sufficient to pay the Note Obligations of all Serial Notes issued hereunder and then Outstanding and maturing by their terms within the next 12 months, plus (2) moneys sufficient to pay the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Notes during such 12-month period; provided that if the Issuer certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in the Reserve Fund that would be in excess of the Reserve Requirement applicable to such Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than April 15 of each year, the Trustee shall request from the Issuer a Certificate of the Issuer setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On April 15 of each year or as soon as practicable thereafter, any excess amounts in the Principal Fund not needed to pay principal on such date (and not held to pay principal on Notes having principal payment dates other than April 15) shall be transferred to the Issuer.

(iii) *Reserve Funds.* Upon the occurrence of any deficiency in any Reserve Fund, the Trustee shall make a deposit to such Reserve Fund in an amount equal to 1/12th the deficiency in each month, until the balance therein is at least equal to the applicable Reserve Requirement.

(iv) *Subordinate Obligations Fund.* The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Subordinate Obligations Fund.” After the transfers described in Sections 5.02(a)(i), (ii) and (iii) above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Issuer shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

(v) *Fees and Expenses Fund.* The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Fees and Expenses Fund.” After the transfers described in Section 5.02(a)(i), (ii), (iii) and (iv) above have been made, the Trustee shall deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Issuer. The Issuer shall provide the Trustee with invoices relating to the payment of such amounts, in writing, at the beginning of each month.

(b) Any Collateral remaining in the Revenue Fund after the foregoing transfers described in Section 5.02(a) hereof, except as the Issuer shall otherwise direct in writing or as is otherwise provided in a Supplemental Indenture, shall be transferred to the Issuer on the same Business Day or as soon as practicable thereafter. The Issuer may use and apply the Revenues when received by it for any lawful purpose of the Issuer, including the redemption of Notes upon the terms and conditions set forth in the Supplemental Indenture relating to such Notes and the purchase of Notes as and when and at such prices as it may determine.

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

Section 5.03. Application of Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purposes of paying interest on the Notes as it shall become due and payable (including accrued interest on any Notes purchased or redeemed prior to maturity pursuant to this Indenture), or for reimbursing the Credit Enhancement Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit. If amounts on deposit in the Interest Fund are not sufficient to pay in full all amounts payable from the Interest Fund, such amounts shall be applied pro-rata (based on the total amount on deposit in the Interest Fund and payments then due).

Section 5.04. Application of Principal Fund.

(a) All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Note Obligation of the Notes when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Term Notes, as provided herein, or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit. If amounts on deposit in the Principal Fund are not sufficient to pay in full all amounts payable from

the Principal Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Principal Fund and payments then due).

(b) The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Notes of each Series and maturity, designated as the “Sinking Account,” inserting therein the Series and maturity designation of such Notes. On or before the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment (being the principal thereof, in the case of Current Interest Notes, and the Accreted Value, in the case of Capital Appreciation Notes) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Notes of such Series and maturity for which such Sinking Account was established, in the manner provided in this Indenture or the Supplemental Indenture pursuant to which such Series of Notes was created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the Issuer, apply moneys in such Sinking Account to the purchase of Term Notes of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the Issuer, except that the purchase price (excluding accrued interest, in the case of Current Interest Notes) shall not exceed the principal amount or Accreted Value thereof. If, during the 12-month period (or six-month period with respect to Notes having semi-annual Mandatory Sinking Account Payments) immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Notes of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Issuer has deposited Term Notes of such Series and maturity with the Trustee, or Term Notes of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Term Notes so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Term Notes purchased or deposited pursuant to this paragraph shall be cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to the Issuer by the Trustee. Any amounts remaining in a Sinking Account on April 1 of each year following the redemption as of such date of the Term Notes for which such account was established shall be withdrawn by the Trustee and transferred as soon as practicable to the Issuer to be used for any lawful purpose. All Term Notes purchased from a Sinking Account or deposited by the Issuer with the Trustee in a 12-month period ending February 28 or 29, as applicable, (or in a six-month period ending February 28 or 29, as applicable, or August 31 with respect to Notes having semi-annual Mandatory Sinking Account Payments) and purchased prior to the giving of notice by the Trustee for redemption from Mandatory Sinking Account Payments for such period shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Notes, if any, occurring on the next April 15 or October 15, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Notes as may be specified in a Request of the Issuer. All Term Notes redeemed by the Trustee

from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Notes as may be specified in a Request of the Issuer.

Section 5.05. Establishment, Funding and Application of Reserve Funds.

(a) If a reserve fund is established pursuant to a Supplemental Indenture, the Trustee shall establish, maintain and hold in trust such Reserve Fund for the benefit of the Holders of the Notes for which such reserve fund was established. Any such Reserve Fund shall comply with the requirements set forth in Sections 5.05(c) through (g) below.

(b) The Issuer may at its sole discretion at the time of issuance of any Series of Notes or at any time thereafter by Supplemental Indenture provide for the establishment of a Reserve Fund as additional security for a Series of Notes. Any Reserve Fund so established by the Issuer shall be available to secure one or more Series of Notes as the Issuer shall determine and shall specify in the Supplemental Indenture establishing such Reserve Fund. Any Reserve Fund established by the Issuer shall be held by the Trustee and shall comply with the requirements set forth in Sections 5.05(c) through (g) below.

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

(d) In lieu of making a Reserve Requirement deposit in cash or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the Issuer) or in substitution of any Reserve Facility comprising part of a Reserve Requirement for any Notes, the Issuer may, at any time and from time to time, deliver to the Trustee a surety Note or an insurance policy in an amount which, together with moneys, Investment Securities, or other Reserve Facilities then on deposit in the Reserve Fund, is no less than the applicable Reserve Requirement. Such surety Note or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated at the time of delivery in one of the two highest Rating Categories of Moody's and S&P. Such surety Note or insurance policy shall have a term of no less than the final maturity of the Notes in connection with which such surety Note or insurance policy is obtained. If such surety Note or insurance policy for any reason lapses or expires, the Issuer shall immediately implement Section 5.05(c)(i) or (iii) hereof or make the twelve (12) equal monthly deposits to the Reserve Fund so that the Reserve Fund is replenished to the required level after a year.

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

issuer thereof and draw on such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility to pay to such Holders the principal and interest so recovered.

(f) The Trustee shall notify the Issuer of any deficiency in the Reserve Fund (i) due to a withdrawal from the Reserve Fund for purposes of making up any deficiency in the Interest Fund or the Principal Fund relating to the Notes of the Series to which the Reserve Fund relates, or (ii) resulting from a valuation of Investment Securities held on deposit in the Reserve Fund pursuant to Section 5.11 hereof and request that the Issuer replenish such deficiency or repay any and all obligations due and payable under the terms of any Reserve Facility comprising part of any Reserve Requirement. Upon receipt of such notification from the Trustee, the Issuer shall transfer to the Trustee, for deposit in the applicable Reserve Fund, Collateral in an amount equal to one-twelfth of the aggregate amount of each unreplenished prior withdrawal from the Reserve Fund or decrease resulting from a valuation pursuant to Section 5.11 hereof and shall further transfer to the Trustee, for transfer by the Trustee to each Reserve Facility Provider providing a Reserve Facility satisfying a portion of the Note Reserve Requirement relating to the Notes of the Series to which the Reserve Fund relates, Collateral in an amount equal to one-twelfth of the aggregate amount of any unreplenished prior withdrawal on such Reserve Facility, such amount to be transferred by the Trustee commencing with the month following the Issuer's receipt of notification from the Trustee of withdrawal or decrease resulting from a valuation, as applicable, until the balance on deposit in the Reserve Fund is at least equal to the applicable Reserve Requirement.

(g) Unless the Issuer shall otherwise direct in writing, any amounts in the Reserve Fund in excess of the applicable Reserve Requirement shall be transferred by the Trustee to the Issuer on the Business Day following February 28 or 29, as applicable, of each year; provided that such amounts shall be transferred only from the portion of the Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in the Reserve Fund shall be transferred by the Trustee to the Issuer (i) upon the defeasance, retirement or refunding of Notes of the Series to which such Reserve Fund relates; provided that such transfer shall not be made unless (A) immediately thereafter all of the Notes to which the Reserve Fund relates shall be deemed to have been paid pursuant to Article X hereof, or (B) the amount remaining in the Reserve Fund after such transfer shall not be less than the applicable Reserve Requirement; or (ii) upon the replacement of cash on deposit in the Reserve Fund with one or more Reserve Facilities in accordance with Section 5.05(c) or (d) hereof, subject in the case of both clauses (i) and (ii) to the requirements of the applicable Tax Certificate.

Section 5.06. Application of Subordinate Obligations Fund. All moneys in the Subordinate Obligations Fund shall be used and withdrawn by the Trustee to pay Subordinate Obligations as such amounts become due and payable. If amounts on deposit in the Subordinate Obligations Fund are not sufficient to pay in full all amounts payable from the Subordinate Obligations Fund, such amounts shall be applied pro rata (based on the total amount on deposit in the Subordinate Obligations Fund and payments then due).

Section 5.07. Notice Regarding Balance of Funds Available to Pay the Notes. On the 75th day prior to the maturity date of the Notes, the Trustee shall give written notice to the Issuer as to the amount of funds on deposit in the Principal Fund and the Interest Fund available to pay the principal of and accrued interest on the Notes on the date of their maturity.

Section 5.08. Application of Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the “*Redemption Fund*.” All moneys deposited by the Issuer with the Trustee for the purpose of optionally redeeming Notes of any Series shall, unless otherwise directed by the Issuer, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Notes of such Series and maturity as shall be specified by the Issuer in a Request to the Trustee, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which the Series of Notes was created; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the Issuer, apply such amounts to the purchase of Notes at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Current Interest Notes, accrued interest, which is payable from the Interest Fund) as is directed by the Issuer, except that the purchase price (exclusive of any accrued interest) may not exceed the Redemption Price or Accreted Value then applicable to such Notes. All Term Notes purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Notes as may be specified in a Request of the Issuer.

Section 5.09. Rebate Fund.

(a) Upon receipt of funds identified in writing by the Issuer to the Trustee to be applied to the Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the “*Rebate Fund*”. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Issuer. Subject to the transfer provisions provided in Section 5.09(c) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Indenture and by the applicable Tax Certificate. The Issuer hereby covenants to comply with the directions contained in, each Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Issuer delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 5.09(a) if it follows such instructions of the Issuer, and the Trustee shall have no liability or responsibility to enforce compliance by the Issuer with the terms of any Tax Certificate nor to make computations in connection therewith.

(b) Pursuant to each Tax Certificate, an amount shall be deposited in the Rebate Fund by the Issuer so that the balance of the amount on deposit thereto shall be equal to

the Rebate Requirement applicable to the Series of Notes to which such Tax Certificate relates. Computations of each Rebate Requirement shall be furnished by or on behalf of the Issuer to the Trustee in accordance with the applicable Tax Certificate.

(c) The Trustee shall invest all amounts held in the Rebate Fund, pursuant to written instructions of the Issuer, in Investment Securities, subject to the restrictions set forth in the applicable Tax Certificate. Money shall not be transferred from the Rebate Fund except as provided in Section 5.09(d) below.

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

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

Section 5.10. Investment in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee or established pursuant to this Indenture (including any Project Fund held by the Trustee) shall be invested, as directed by the Issuer, solely in Investment Securities. All Investment Securities shall, as directed by the Issuer in writing be acquired subject to the limitations set forth in Section 6.08 hereof, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Issuer. If and to the extent the Trustee does not receive investment instructions from the Issuer with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be invested in Investment Securities described in clause (b)(iii) of the definition thereof and the Trustee shall thereupon request investment instructions from the Issuer for such moneys.

Moneys in any Reserve Fund shall be invested in Investment Securities maturing in not more than five years, or having a put option or demand option providing funds upon request for the purpose of payment of the Notes to which such Reserve Fund relates as provided herein. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

Unless otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Notes or a Request of the Issuer delivered to the Trustee: (a) all interest, profits and other income received from the investment of moneys in the Interest Fund representing accrued interest or capitalized interest shall be retained in the Interest Fund; (b) all interest, profits

and other income received from the investment of moneys in the Reserve Fund shall be retained in such Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Project Fund established in connection with the Series of Notes to which the Reserve Fund relates, if any, until such time as such Project Fund shall be closed, and then shall be transferred to the Revenue Fund; (c) all interest, profits and other income received from the investment of moneys in a Costs of Issuance Fund shall be retained in such Costs of Issuance Fund until such time as such Costs of Issuance Fund is closed, and any earnings received on a Costs of Issuance Fund subsequent to the closure of such Costs of Issuance Fund shall be transferred to the Revenue Fund; (d) all interest, profits and other income received from the investment of moneys in a Project Fund shall be retained in such Project Fund, unless the Issuer shall direct that such earnings be transferred to the Rebate Fund; (e) all interest, profits and other income received from the investment of moneys in the Rebate Fund shall be retained in the Rebate Fund, except as otherwise provided in Section 5.09 hereof; (f) all interest, profits and other income received from the investment of moneys in any Letter of Credit Fund or Purchase Fund shall be retained in such Letter of Credit Fund or Purchase Fund, as applicable; and (g) all interest, profits and other income received from the investment of moneys in any other fund or account shall be transferred to the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

All Investment Securities credited to any Reserve Fund shall be valued (at market value) as of April 15 and October 15 of each year (or the next succeeding Business Day if such day is not a Business Day), such market value to be determined by the Trustee in the manner then currently employed by the Trustee or in any other manner consistent with corporate trust industry standards. Notwithstanding anything to the contrary herein, in making any valuations of investments hereunder, the Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (except the Rebate Fund, any Letter of Credit Fund and any Purchase Fund) into a separate fund or funds for investment purposes only; provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Issuer, may impose its customary charge therefor. The Trustee may sell consistent with the Trustee's customary trading practice, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Punctual Payments. The Issuer shall punctually pay or cause to be paid the principal or Redemption Price of and interest on all the Notes, in strict conformity with the terms of the Notes and of this Indenture, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Sinking Account Payments, but in each case the Issuer shall not be required to advance any moneys for such purpose other than the Collateral as provided in this Indenture. The Issuer shall punctually pay or cause to be paid all Subordinate Obligations.

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

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

Section 6.04. Further Assurances. The Issuer shall make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Notes and Subordinate Obligations of the rights and benefits provided in this Indenture.

Section 6.05. Against Encumbrances. The Issuer shall not create any pledge, lien or charge upon any of the Collateral or any portion thereof having priority over or having parity with the lien of the Notes or the Subordinate Obligations.

Section 6.06. Accounting Records and Financial Statements.

(a) The Issuer shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Revenues. Such books of record and account shall be available for inspection by the Trustee (who shall have no duty or obligation to so inspect) at reasonable hours and under reasonable circumstances.

(b) [The Issuer shall furnish the Trustee, within 210 days after the end of each Fiscal Year, the financial statements of the Issuer for such Fiscal Year, together with the report of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of an Authorized Representative stating that no event that constitutes an Event of Default or that with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Issuer to cure such default. Thereafter, a copy of such financial statements shall be furnished to any Holder upon written request to the Issuer, which copy of the financial statements may, at the sole discretion of the Issuer, be provided by means of posting such financial statements on an internet site that provides access to the Holders. The Trustee shall have no duty or obligation to review such financial statements or the report of the independent certified public accountant.]¹

Section 6.07. Application of Collateral.

(a) The Issuer shall transmit the Collateral to the Trustee as provided in Sections 5.01 and 5.05 hereof. Collateral received by the Trustee shall be applied and transferred as provided in Sections 5.02 and 5.05 hereof; provided that, during the continuance of an Event of Default, any Collateral received by the Trustee shall be applied as set forth in Section 7.02 hereof.

(b) The Issuer shall separately account for all Collateral and provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances.

Section 6.08. Tax Covenants. The Issuer shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Notes under Section 103 of the Code; provided that, prior to the issuance of any Series of Notes, the Issuer may exclude the application of the covenants contained in this Section 6.08 and Section 5.09 hereof to such Series of Notes. Without limiting generality of the foregoing, the Issuer shall comply with the Tax Certificate relating to each Series of Notes. If at any time the Issuer is of the opinion that for purposes of this Section 6.08 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Issuer shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Issuer shall pay, or cause to be paid, from time to time all amounts required to be rebated to the federal government of the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Notes from time to time. The Issuer shall pay or cause to be paid to the federal government of the United States of America the Rebate Requirement with

respect to each Series of Notes at the times and in the amounts determined under and as described in the Tax Certificate executed and delivered in connection with such Series of Notes.

Notwithstanding any provision of this Section 6.08, Section 5.09 hereof and any Tax Certificate, if the Issuer receives an Opinion of Bond Counsel to the effect that any action required under this Section 6.08, Section 5.09 hereof or any Tax Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Notes pursuant to Section 103 of the Code, the Issuer and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

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

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

Section 6.10. Annual Budgets. For each Fiscal Year the Issuer shall adopt a budget that is balanced in accordance with the laws of the State applicable to the Issuer and that incorporates the payment of all amounts with respect to the obligations of the Issuer scheduled to become due in such Fiscal Year.

Section 6.11. Standby Bond Purchase Agreement. The Issuer shall comply in all material respects with its obligations under the Standby Bond Purchase Agreement unless expressly waived by OCLTA. The Issuer shall submit to OCLTA a Notice of Purchase as provided in the Standby Bond Purchase Agreement no later than 75 days prior to the date that principal is due and payable with respect to the Notes requesting the OCLTA purchase OCTA Bonds in a principal amount equal to the difference between the amount currently on deposit in the Principal Fund and the Interest Fund and the Outstanding principal of and accrued interest on the Notes that is due and payable.

Section 6.12. Compliance With Laws. The Issuer shall carry out its function as a regional transportation authority in compliance with all applicable laws, regulations, and lawful orders of any governmental agency or authority having jurisdiction.

Section 6.13. Payment of Taxes and Charges. The Issuer shall, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any part of its operations, when the same become due, as well as any lawful claim for labor, materials or supplies that, if unpaid, might by law become a lien or charge upon the Collateral, or which might impair the security of the Notes or any Subordinate Obligations. Notwithstanding the foregoing, the Issuer need not pay or discharge any tax, assessment or other governmental charge, or claim for labor, material or supplies, if and, so long as the Issuer is contesting the validity or application thereof in good faith.

Section 6.14. TIFIA Loan Agreement. The Issuer shall comply in all material respects with its obligations under the TIFIA Loan Agreement. The Issuer shall only use the proceeds of the Notes to pay for “Eligible Project Costs” as defined in the TIFIA Loan Agreement. The Issuer shall submit a request to draw under the TIFIA Loan Agreement no later than 90 days prior to the date that the principal and accrued interest is due and payable with respect to the Notes in an amount equal to the difference between the amount then on deposit in the Principal Fund and Interest Fund and the principal amount of and accrued interest on the Notes that is due and payable.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default:

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

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

(c) the Issuer fails to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in Section 7.01(a) or (b) above, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Issuer by the Trustee or by any Credit Enhancement Provider; except that, if such failure can be remedied but not within such 60-day period and if the Issuer has taken all action reasonably possible to remedy such failure within such 60-day period, such failure shall not become an Event of Default for so long as the Issuer diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) if the Issuer files a voluntary bankruptcy or commences any similar proceeding under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to

pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

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

(f) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Issuer or of the Collateral, and such custody or control is not terminated within sixty (60) days from the date of assumption of such custody or control; or

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

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

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

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

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

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

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

Section 7.03. Trustee To Represent Noteholders. The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Notes, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Notes for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Notes, this Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Noteholders, the Trustee in its discretion may, and, with respect to any Series of Notes for which a Credit Enhancement has been provided, upon the written request of the Credit Enhancement Provider providing such Credit Enhancement, or if such Credit Enhancement Provider is then failing to make a payment required pursuant to such Credit Enhancement, upon the written request of the Holders of not less than a majority in aggregate amount of Note Obligation of the Notes then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it deems most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under this Indenture, the Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Collateral and other assets pledged under this Indenture, pending such proceedings; provided, however, that, with respect to any Series of Notes for which a Credit Enhancement has been provided, the Trustee may only act with the consent of the Credit Enhancement Provider providing such Credit Enhancement. All rights of action under this Indenture or the Notes or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Notes, subject to the provisions of this Indenture (including Section 7.05 hereof).

Section 7.04. Noteholders' Direction of Proceedings. Notwithstanding anything in this Indenture to the contrary (except provisions relating to the rights of a Credit Enhancement Provider to direct proceedings as set forth in Section 7.10 hereof), the Holders of a majority in aggregate amount of Note Obligation of the Notes then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided that (a) such direction shall not be otherwise

than in accordance with law and the provisions of this Indenture, (b) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction, and (c) the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Noteholders not parties to such direction.

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

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

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

Section 7.07. Termination of Proceedings. In case any proceedings taken by the Trustee, any Credit Enhancement Provider or any one or more Noteholders on account of any Event of Default are discontinued or abandoned for any reason or have been determined adversely to the Trustee, any Credit Enhancement Provider or the Noteholders, then in every such case the Issuer, the Trustee, each Credit Enhancement Provider and the Noteholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and

respectively, and all rights, remedies, powers and duties of the Issuer, the Trustee, each Credit Enhancement Provider and the Noteholders shall continue as though no such proceedings had been taken.

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

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

Section 7.10. Credit Enhancement Provider Directs Remedies Upon Event of Default. Anything in this Indenture or any Supplemental Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, the Credit Enhancement Provider then providing Credit Enhancement for any Series of Notes shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Notes secured by such Credit Enhancement or granted to the Trustee for the benefit of the Holders of the Notes secured by such Credit Enhancement; provided that the Credit Enhancement Provider's consent shall not be required as otherwise provided herein if such Credit Enhancement Provider is in default of any of its payment obligations as set forth in the Credit Enhancement provided by such Credit Enhancement Provider.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Appointment, Duties Immunities and Liabilities of Trustee.

(a) U.S. Bank National Association is hereby appointed as Trustee under this Indenture and hereby accepts the trust imposed upon it as Trustee hereunder and agrees to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (that has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and

skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Issuer may remove the Trustee at any time unless an Event of Default has occurred and is then continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate amount of Note Obligation of the Notes then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee ceases to be eligible in accordance with Section 8.01(e) below, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and each Credit Enhancement Provider then providing a Credit Enhancement for any Series of Notes, and thereupon appointing a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Issuer and each Credit Enhancement Provider then insuring any Series of Notes and by giving the Noteholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee is appointed and has accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Holder (on behalf of himself and all other Holders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer, each Credit Enhancement Provider then insuring any Series of Notes and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture. The predecessor Trustee shall promptly pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment

by a successor Trustee as provided in this paragraph, the Issuer shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Holders at the addresses shown on the registration books maintained by the Trustee. If the Issuer fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Issuer.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, national banking association or bank having the powers of a trust company that (i) has (or, if such trust company, national banking association or bank is a member of a bank holding company system, the related bank holding company has) a combined capital and surplus of at least \$100,000,000; and (ii) is subject to supervision or examination by federal or state authority. If such trust company, national banking association, bank or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purpose of this paragraph the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If, at any time, the Trustee ceases to be eligible in accordance with the provisions of this Section 8.01(e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02. Accounting Records and Monthly Statements. The Trustee shall keep proper books of record and accounts containing complete and correct entries of all transactions of the Trustee relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Notes, including proceeds of each Series of Notes and moneys derived from, pledged to, or to be used to make payments on each Series of Notes. Such records shall specify the account or fund to which each deposit and each investment (or portion thereof) held by the Trustee is allocated and shall set forth, in the case of each investment security, (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be, including accrued interest; (d) the amounts and dates of any payments made with respect thereto; and (e) the dates of acquisition and disposition or maturity. The Trustee shall furnish the Issuer a monthly statement that includes a summary of all deposits and all investment transactions made by the Trustee related to each Series of Notes then Outstanding, such statement to be provided to the Issuer no later than the fifth Business Day of the month following the month to which such statement relates, the first such monthly statement to be provided by the fifth Business Day of the month immediately following the month in which the Series 2021 Notes are delivered by the Trustee pursuant to the provisions of this Indenture.

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

Section 8.04. Liability of Trustee.

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

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

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

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

(f) The Trustee shall not be deemed to have knowledge of, and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in Section 7.01(a) or (b) hereof) or event that would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee has actual knowledge of such event or has been notified of such event by the Issuer, any Credit Enhancement Provider then providing a Credit Enhancement for a Series of Notes or the Holders of 25% of the Note Obligation Outstanding. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the Issuer of the terms, conditions, covenants or agreements set forth in Article VI hereof including, without limitation, the covenants of the Issuer set forth in Sections 5.09 and 6.08 hereof, other than the covenants of the Issuer to make payments with respect to the Notes when due as set forth in Section 6.01 hereof and to file with the Trustee when due, such reports and certifications as the Issuer is required to file with the Trustee hereunder.

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

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

(i) The Trustee shall not be responsible for:

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

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

(iii) any error or omission by the Issuer in making any computation or giving any instruction pursuant to Sections 5.09 and 6.08 hereof and may rely conclusively on the Rebate Instructions and any computations or instructions furnished to it by the Issuer in connection with the requirements of Sections 5.09 and 6.08 hereof and each Tax Certificate; or

(iv) the construction, operation or maintenance of any portion of any project financed with the proceeds of Notes by the Issuer.

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

(k) The Trustee agrees to accept and act upon facsimile or electronic mail transmission of written instructions and/or directions pursuant to this Indenture; provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, and (ii) such originally executed instructions and/or directions are signed on behalf of the Issuer by an Authorized Representative and are signed on behalf of any other party by a person authorized to sign for the party delivering such instructions and/or directions, which person shall provide such documentation as the Trustee requests to evidence such authorization.

(l) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Notes.

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

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

Section 8.06. Compensation and Indemnification of Trustee. The Issuer covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties

hereunder of the Trustee, and the Issuer will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The Issuer, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee from and against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Issuer under this Section 8.06 shall survive the discharge of the Notes and this Indenture and the resignation or removal of the Trustee.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) (i) This Indenture and the rights and obligations of the Issuer, the Holders of the Notes and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Issuer and the Trustee may enter into when the written consent of the Holders of a majority in aggregate amount of Note Obligation of the Notes (or, if such Supplemental Indenture is only applicable to a Series of Notes, such Series of Notes) then Outstanding is filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Notes of any particular maturity remain Outstanding, the consent of the Holders of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Notes Outstanding under this Section. The Credit Enhancement Provider for a Series of Notes shall be deemed to be the Holder of such Series for all purposes of this Indenture except the payment of principal of and interest on such Series of the Notes. The written consent of the Holders of a Series of Notes may be effected (A) through a consent by the underwriter of such Series of Notes at the time of the issuance of such Series of Notes, and (B) through a provision of a Supplemental Indenture that deems any Holders purchasing such Series of Notes to consent for purposes of this Section 9.01(a)(i) by virtue of its purchase of such Series of Notes.

(ii) No such modification or amendment shall (A) extend the maturity of any Note, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Note, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Note so affected; or (B) reduce the aforesaid percentage of Note Obligation Holders whose consent is required to effect any such modification or amendment, or permit the creation of any lien on the Collateral and other assets pledged under this Indenture

prior to or on a parity with the lien created by this Indenture, or deprive the Holders of the Notes of the lien created by this Indenture on such Collateral and other assets (in each case, except as expressly provided in this Indenture), without the consent of the Holders of all of the Notes then Outstanding. The Holders are not required to approve the particular form of any Supplemental Indenture; it is sufficient if the Holders consent to the substance thereof. Promptly after the execution and delivery by the Issuer and the Trustee of any Supplemental Indenture pursuant to this Section 9.01(a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Holders of the Notes at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Issuer, of the Trustee and of the Holders of the Notes may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Issuer and the Trustee may enter without the consent of any Noteholders, but only to the extent permitted by law and only for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Issuer may deem necessary or desirable, and that does not materially and adversely affect the interests of the Holders of the Notes;

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

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

(v) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Capital Appreciation Notes or Subordinate Obligations, with such interest rate, payment, maturity and other terms as the Issuer may deem desirable, subject to the provisions of Sections 3.02, 3.03 and 3.05 hereof;

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

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

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

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

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

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

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

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

Any Supplemental Indenture entered into pursuant to this Section shall be deemed not to materially adversely affect the interest of the Holders so long as (y) all affected Notes are secured by a Credit Enhancement, and (z) each Credit Enhancement Provider for such Notes has given its written consent to such Supplemental Indenture as provided in Section 9.01(a) hereof.

Section 9.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Notes Outstanding

shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

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

Section 9.04. Amendment of Particular Notes. The provisions of this Article shall not prevent any Noteholder from accepting any amendment as to the particular Notes held by such Noteholder; provided that due notation thereof is made on such Notes.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Notes of any Series or a portion thereof may be paid by the Issuer in any of the following ways:

- (a) by paying or causing to be paid the Note Obligations of and interest on such Outstanding Notes, as and when they become due and payable;
- (b) by depositing with the Trustee or, subject to Section 10.02 hereof, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03 hereof) to pay or redeem such Outstanding Notes; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding Notes.

If the Issuer pays all Series for which any Notes are Outstanding and also pay or causes to be paid all other sums payable and to be payable hereunder, then and in that case, at the election of the Issuer (evidenced by a Certificate of the Issuer, filed with the Trustee, signifying the intention of the Issuer to discharge all such indebtedness and this Indenture), and notwithstanding that any Notes shall not have been surrendered for payment, this Indenture and the pledge of Collateral and other assets made under this Indenture and all covenants, agreements and other obligations of the Issuer under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Issuer, the Trustee shall cause an accounting for such period or periods as may be requested by the Issuer to be prepared

and filed with the Issuer and shall execute and deliver to the Issuer all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Issuer all moneys or securities or other property held by it pursuant to this Indenture that, as evidenced by a verification report, upon which the Trustee may conclusively rely, from an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm, are not required for the payment or redemption of Notes not theretofore surrendered for such payment or redemption.

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

If the deposit specified in the preceding paragraph is made with an escrow agent or other fiduciary that is not also the Trustee, either the Issuer or such escrow agent or other fiduciary shall provide a written certification to the Trustee, upon which the Trustee may conclusively rely, that such deposit has been made.

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

Notwithstanding anything in this Section 10.02 to the contrary, if the principal of or interest on a Series of Notes is paid by a Credit Enhancement Provider pursuant to the Credit Enhancement issued in connection with such Series of Notes, the obligations of the Issuer shall not be deemed to be satisfied or considered paid by the Issuer by virtue of such payments, and the right, title and interest of the Issuer herein and the obligations of the Issuer hereunder shall not be discharged and shall continue to exist and to run to the benefit of such Credit Enhancement Provider, and such Credit Enhancement Provider shall be subrogated to the rights of the Holders of the Notes of such Series.

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

- (a) lawful money of the United States of America in an amount equal to the principal amount of such Notes and all unpaid interest thereon to maturity, except that, in the case of Notes that are to be redeemed prior to maturity and with respect to which notice

of such redemption has been given as provided in Article IV hereof or provision satisfactory to the Trustee has been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Notes and all unpaid interest thereon to the redemption date; or

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

Section 10.04. Payment of Notes After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Note and remaining unclaimed for one year after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or one year after the date of deposit of such principal, Redemption Price or interest on any Note if such moneys were deposited after the date when such Note became due and payable, shall be repaid to the Issuer free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Issuer as aforesaid, the Trustee may (at the cost of the Issuer) first mail to the Holders of any Notes remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Notes so payable and not presented and with respect to the provisions relating to the repayment to the Issuer of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Notes, whether at redemption or maturity, shall be held in trust for the account of the Holders thereof and the Trustee shall not be required to pay Holders any interest on, or be liable to the Holders or any other person (other than the Issuer) for interest earned on, moneys so held. Any interest earned thereon shall belong to the Issuer and shall be deposited upon receipt by the Trustee into the Revenue Fund.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Issuer Limited to the Collateral. Notwithstanding anything in this Indenture or in the Notes contained, the Issuer shall not be required to advance any moneys derived from any source other than the Collateral and other assets pledged hereunder for any of

the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Notes or for any other purpose of this Indenture.

Section 11.02. Successor Is Deemed Included in All References to Predecessor.

Whenever in this Indenture either the Issuer or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

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

Section 11.05. Destruction or Delivery of Canceled Notes. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of any Notes, the Trustee may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Notes, and deliver a certificate of such destruction to the Issuer.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Issuer hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Notes pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notice to Issuer and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office of the Trustee. Any notice to or demand upon the Issuer, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed to the Issuer at 1400 29th Street, Orange, California 95812, Attention: Chief

Financial Officer (or such other address as may have been filed in writing by the Issuer with the Trustee). Any such communication may also be sent by facsimile or electronic mail, receipt of which shall be confirmed.

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

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

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

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

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

Section 11.10. Money Held for Particular Notes. The money held by the Trustee for the payment of the interest, principal, Redemption Price or purchase price due on any date with respect to particular Notes (or portions of Notes in the case of registered Notes redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in

trust by it for the Holders of the Notes entitled thereto, subject, however, to the provisions of Section 10.04 hereof.

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

Section 11.12. Limitations on Rights of Credit Enhancement Providers, Liquidity Facility Providers, Reserve Facility Providers. A Supplemental Indenture establishing the terms and provisions of a Series of Notes may provide that any Credit Enhancement Provider, Liquidity Facility Provider or Reserve Facility Provider may exercise any right under this Indenture given to the Holders of the Notes to which such Credit Enhancement, Liquidity Facility or Reserve Facility relates. Notwithstanding any other provision of this Indenture, all provisions under this Indenture authorizing the exercise of rights by a Credit Enhancement Provider, a Liquidity Facility Provider or a Reserve Facility Provider with respect to consents, approvals, directions, waivers, appointments, requests or other actions, shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Enhancement Provider, Liquidity Facility Provider or Reserve Facility Provider were not mentioned therein (a) during any period during which there is a default by such Credit Enhancement Provider, Liquidity Facility Provider or Reserve Facility Provider under the applicable Credit Enhancement, Liquidity Facility or Reserve Facility; or (b) after the applicable Credit Enhancement, Liquidity Facility or Reserve Facility shall at any time for any reason cease to be valid and binding on the provider thereof, or shall be declared to be null and void by final non-appealable judgment of a court of competent jurisdiction, or after the Credit Enhancement, Liquidity Facility or Reserve Facility has been rescinded, repudiated by the provider thereof or terminated, or after a receiver, conservator or liquidator has been appointed for the provider thereof. All provisions relating to the rights of a Credit Enhancement Provider, Liquidity Facility Provider or Reserve Facility Provider shall be of no further force and effect if all amounts owing to such Credit Enhancement Provider, Liquidity Facility Provider or Reserve Facility Provider shall have been paid pursuant to the terms of the applicable Credit Enhancement, Liquidity Facility or Reserve Facility and such Credit Enhancement, Liquidity Facility or Reserve Facility shall no longer be in effect.

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

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

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

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

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

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

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

[Remainder of page intentionally left blank; signature page follows]

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

ORANGE COUNTY TRANSPORTATION
AUTHORITY

By _____
Its: _____

APPROVED AS TO FORM:

General Counsel

U. S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

[Signature page to Master Indenture]

FIRST SUPPLEMENTAL INDENTURE

between

ORANGE COUNTY TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of September 1, 2021

Relating to

ORANGE COUNTY TRANSPORTATION AUTHORITY
BOND ANTICIPATION NOTES
(I-405 IMPROVEMENT PROJECT)
SERIES 2021

(Supplementing the Indenture
Dated as of September 1, 2021)

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FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of September 1, 2021 (this “First Supplemental Indenture”), between the ORANGE COUNTY TRANSPORTATION AUTHORITY, a public entity duly established and existing under the laws of the State of California (the “Authority”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”):

WITNESSETH:

WHEREAS, this First Supplemental Indenture is supplemental to the Master Indenture of Trust, dated as of September 1, 2021 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Authority and the Trustee;

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

WHEREAS, the Authority desires to provide at this time for the issuance of a Series of Notes to be designated “Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (the “Series 2021 Notes”), all for the purpose of providing funds to pay for the costs of the Project and costs of issuance relating to the Series 2021 Notes, all as provided in this First Supplemental Indenture; and

WHEREAS, the Authority has determined that the Authority and the Trustee are authorized to modify and amend the Indenture by this First Supplemental Indenture to facilitate the issuance of an additional Series of Notes pursuant to the provisions of Article III of the Indenture;

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

ARTICLE XII DEFINITIONS; AMENDMENT TO INDENTURE

Section 12.01. Definitions; Amendments to Definitions.

(a) Definitions. Unless the context otherwise requires, or as otherwise provided in subsection (b) of this Section, all terms that are defined in Section 1.01 of the Indenture shall have the same meanings in this First Supplemental Indenture.

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

“**Authorized Denominations**” means, with respect to Series 2021 Notes, \$5,000 and any integral multiple thereof.

“**Continuing Disclosure Certificate**” means the Continuing Disclosure Certificate of the Authority, dated the Issue Date, relating to the Series 2021 Notes.

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

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

“**Interest Payment Date**” means, with respect to the Series 2021 Notes, each April 15 and October 15 1, commencing April 15, 2022 and, in any event, the final maturity date or redemption date of each Series 2021 Note.

“**Issue Date**” means September __, 2021.

“**Project**” means the I-405 Improvement Project.

“**Record Date**” means, with respect to the Series 2021 Notes, the first (1st) day (whether or not a Business Day) of the month in which such Interest Payment Date occurs.

“**2021 Notes Tax Certificate**” means the Tax Certificate executed on behalf of the Authority in connection with the issuance of the Series 2021 Notes.

“**2021 Costs of Issuance Account**” means the 2021 Costs of Issuance Account established pursuant to Section 15.03.

“**2021 Project Fund**” means the 2021 Project Fund established pursuant to Section 15.02.

ARTICLE XIII FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 13.01. Findings and Determinations. The Authority hereby finds and determines that the Series 2021 Notes shall be issued pursuant to Article III and upon the issuance of the Series 2021 Notes, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

Section 13.02. Recital in Notes. There shall be included in each of the definitive Series 2021 Notes, and also in each of the temporary Series 2021 Notes, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that Series 2021 Note, and in the issuing of that Series 2021 Note, exist, have happened and have been performed

in due time, form and manner, as required by the Constitution and statutes of the State and the Act, and that said Series 2021 Notes, together with all other indebtedness of the Authority payable out of the Collateral, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Act, and that such certification and recital shall be in such form as is set forth in the form of the Series 2021 Note attached hereto as Exhibit A.

Section 13.03. Effect of Findings and Recital. From and after the issuance of the Series 2021 Notes, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the Series 2021 Notes is at issue.

**ARTICLE XIV
AUTHORIZATION AND REDEMPTION OF SERIES 2021 NOTES**

Section 14.01. Principal Amount, Designation and Series. Pursuant to the provisions of the Indenture and the provisions of the Act, one Series of Notes entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Notes shall be designated as, and shall be distinguished from the Notes of all other Series by the title, “Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021.”

At any time after the execution and delivery of this First Supplemental Indenture, the Authority may execute and, upon the Order of the Authority, the Trustee shall authenticate and deliver the Series 2021 Notes in the aggregate principal amount set forth above.

Section 14.02. Purpose and Application of Proceeds. The Series 2021 Notes are issued for the purpose of financing and/or reimbursing the Authority for its payment of, the costs of the Project. In addition, a portion of the proceeds will be applied to pay Costs of Issuance of the Series 2021 Notes. The net proceeds from the sale of the Series 2021 Notes in the amount of \$_____ shall be received by the Trustee, and the Trustee shall deposit such funds as follows:

(a) \$_____ of the proceeds of the Series 2021 Notes shall be deposited in the 2021 Project Fund;

(b) \$_____ of the proceeds of the Series 2021 Notes shall be deposited in the Interest Fund to be used to pay the interest on the Series 2021 Notes as it comes due; and

(c) \$_____ of the proceeds of the Series 2021 Notes shall be deposited in the 2021 Costs of Issuance Account.

Section 14.03. Form, Denomination, and Numbers. The Series 2021 Notes shall be issued as fully registered Notes without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. The Series 2021 Notes and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the Series 2021 Notes and as the form of the

certificate of authentication as such form shall be completed based on the terms of the Series 2021 Notes set forth herein.

Section 14.04. Date, Maturity and Interest Rate. The Series 2021 Notes shall be dated their Issue Date and shall bear interest from that date payable on each Interest Payment Date. The Series 2021 Notes shall mature on October 15, 2024 and shall bear interest at the rate of ___% per annum.

Interest on the Series 2021 Notes shall be computed on the basis of a 360-day year comprised of twelve 30 day months.

Each Series 2021 Note shall be payable as provided in Section 2.10, including Section 2.10(e), or, in the event the use of the Depository is discontinued, the principal of each Series 2021 Note shall be payable in lawful money of the United States of America upon surrender thereof at the Corporate Trust Office of the Trustee, and the interest on each Series 2021 Note shall be payable in lawful money of the United States of America by the Trustee to the Holder thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee.

Section 14.05. No Redemption of the Series 2021 Notes. The Series 2021 Notes shall not be subject to redemption prior to the date of their maturity.

Section 14.06. Tax Covenants for Series 2021 Notes.

(a) The Authority will not take or permit to be taken any action or actions, which would cause any such Series 2021 Notes to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Authority will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority will comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Series 2021 Notes.

(b) The Authority will comply with the provisions and procedures of the 2021 Notes Tax Certificate.

Notwithstanding any provisions of this Section 14.06 or the 2021 Notes Tax Certificate, if the Authority shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section 14.06 is no longer required, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section 14.06, and, notwithstanding any other provision of this Indenture or the 2021 Notes Tax Certificate, the covenants hereunder shall be deemed to be modified to that extent.

Section 14.07. Tax Reporting Obligations.

(a) Any transferor of the Series 2021 Notes shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(b) In connection with any proposed transfer of the Series 2021 Notes outside the book-entry only system, the Authority or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

**ARTICLE XV
ESTABLISHMENT OF FUNDS AND ACCOUNTS
AND APPLICATION THEREOF**

Section 15.01. Funds and Accounts. The following funds and accounts are hereby established in connection with the Series 2021 Notes:

(a) To ensure the proper application of such portion of proceeds from the sale of the Series 2021 Notes to be applied to pay costs of the Project, including repayment of the principal of and interest on that certain note executed by the Authority in favor of Bank of America dated as of _____, 20__, there is hereby established the 2021 Project Fund, such fund to be held by the Trustee.

(b) To ensure the proper application of such portion of proceeds from the sale of the Series 2021 Notes to be applied to pay Costs of Issuance of the Series 2021 Notes, there is hereby established the 2021 Costs of Issuance Account, such account to be established within the 2021 Project Fund and held by the Trustee.

Section 15.02. 2021 Project Fund. The monies set aside and placed in the 2021 Project Fund shall remain therein until from time to time expended for the purpose of paying the costs of the Project to be financed, refinanced or reimbursed from the proceeds of the Series 2021 Notes and shall not be used for any other purpose whatsoever.

(a) Before any payment from the 2021 Project Fund shall be made by the Trustee, the Authority shall file or cause to be filed with the Trustee a Requisition of the Authority in the form of Exhibit hereto, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Authority and are presently due and payable and that each item thereof is a proper charge against the 2021 Project Fund, and has not been previously paid from said fund; and (vi) that there has not been filed with or served upon the

Authority notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

(b) When the Authority determines that the portion of the Project funded with the Series 2021 Notes has been completed, a Certificate of the Authority shall be delivered to the Trustee by the Authority stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the 2021 Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the 2021 Project Fund, less the amount of any such retention, to the Revenue Fund or, if so directed by the Authority, to the Rebate Fund.

Section 15.03. 2021 Costs of Issuance Account. All money on deposit in the 2021 Costs of Issuance shall be applied solely for the payment of authorized Costs of Issuance. Before any payment from the 2021 Costs of Issuance Account shall be made by the Trustee, the Authority shall file or cause to be filed with the Trustee a Requisition of the Authority in the form of Exhibit hereto on which the Trustee may conclusively rely, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Authority and are presently due and payable and that each item thereof is a proper charge against the 2021 Costs of Issuance Account and has not been previously paid from said account.

Any amounts remaining in the 2021 Costs of Issuance Account one hundred eighty (180) days after the date of issuance of the Series 2021 Notes shall be transferred to the 2021 Project Fund and the Trustee shall close the 2011 Costs of Issuance Account.

ARTICLE XVI MISCELLANEOUS

Section 16.01. Continuing Disclosure. The Authority covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or of the Holders of at least twenty-five (25%) aggregate principal amount of the Series 2021 Notes then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section.

Section 16.02. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this First Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this First Supplemental Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this First Supplemental Indenture and the Series 2021 Notes issued pursuant hereto shall remain valid, and the Holders of the Series 2021 Notes shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

Section 16.03. Parties Interested Herein. Nothing in this First Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the Trustee and the Holders of the Series 2021 Notes, any right, remedy or claim under or by reason of this First Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this First Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Holders of the Series 2021 Notes.

Section 16.04. Headings Not Binding. The headings in this First Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Supplemental Indenture.

Section 16.05. Notice Addresses. Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 16.06. Notices to Rating Agencies. The Trustee shall provide notice to the rating agencies at the addresses specified in Exhibit B hereto of the following events with respect to the Series 2021 Notes:

- (1) Change in Trustee;
- (2) Amendments to the Indenture; and
- (3) Redemption or defeasance of any Series 2021 Notes.

Section 16.07. Indenture to Remain in Effect. Save and except as amended and supplemented by this First Supplemental Indenture, the Indenture shall remain in full force and effect.

Section 16.08. Effective Date of First Supplemental Indenture. This First Supplemental Indenture shall take effect upon its execution and delivery.

Section 16.09. Execution in Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 16.10. Governing Law. This First Supplemental Indenture shall be governed by the laws of the State of California.

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

ORANGE COUNTY TRANSPORTATION
AUTHORITY

By: _____
Its: _____

APPROVED AS TO FORM:

By: _____
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A

[FORM OF SERIES 2021 BOND]

EXHIBIT B

NOTICE ADDRESSES

<p>To the Authority: Orange County Transportation Authority 550 S. Main St. P.O. Box 14184 Orange, CA 92863-1584 Attention: Treasury/Public Finance Department Telephone: (714) 560-6282 Facsimile: (714) 560-5800</p> <p>To the Rating Agencies:</p>	<p>To the Trustee: U.S. Bank National Association Global Corporate Trust 633 W. 5th Street, 24th Floor Los Angeles, CA 90071</p>
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STANDBY BOND PURCHASE AGREEMENT

dated as of September 1, 2021

between

ORANGE COUNTY TRANSPORTATION AUTHORITY,

and

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

relating to:

\$ _____
Orange County Transportation Authority
Bond Anticipation Notes (I-405 Improvement Project)

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LIST OF EXHIBITS AND SCHEDULES:

EXHIBIT A	—	Notice of OCLTA Purchase
EXHIBIT B	—	Form of Request for Extension of Stated Expiration Date
EXHIBIT C	—	Form of Compliance Certificate

STANDBY BOND PURCHASE AGREEMENT

This STANDBY BOND PURCHASE AGREEMENT (this “*Agreement*”) dated as of September 1, 2021, is between ORANGE COUNTY TRANSPORTATION AUTHORITY (together with its successors and assigns permitted hereunder, the “*Authority*”), a regional transportation authority duly established and existing under the laws of the State of California, and ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY, (together with its successors and assigns permitted hereunder, “*OCLTA*”), a local transportation authority duly established and existing under the laws of the State of California.

WITNESSETH:

WHEREAS, the Authority issued its Orange County Transportation Bond Anticipation Notes (I-405 Improvement Project) (the “*Notes*”) pursuant to the terms of the Indenture dated as of September 1, 2021 (the “*Indenture*”); and

WHEREAS, the all of the outstanding principal amount of the Notes are due and payable on October 15, 2024 (the “*Due Date*”); and

WHEREAS, the Authority has agreed in the Indenture to use its best efforts to issue its bonds to provide funds in an amount equal to the outstanding principal of and accrued interest on the Notes due and payable on the Due Date; and

WHEREAS, in order to help assure the availability of funds for the payment of all of the outstanding principal of the Notes on the Due Date, OCLTA will agree to purchase the Authority’s bonds in an amount not less than the outstanding principal amount of the Notes under the terms of this Agreement.

NOW, THEREFORE, in consideration of the respective agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following capitalized terms have the meanings indicated below unless the context shall clearly indicate otherwise. Other capitalized terms used in this Agreement and not defined in this Agreement shall have the meaning given those terms in the Indenture.

“*Act*” means the means the Local Transportation Authority and Improvement Act, Division 19 (Section 180000 *et seq.*) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Affiliate*” means any other Person controlling or controlled by, or under common control with, the Authority or OCLTA, as applicable. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract or otherwise.

“*Agreement*” means this Standby Bond Purchase Agreement, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“*Amortization End Date*” means, with respect to any Authority Refunding Bond the fifth anniversary of the OCLTA Purchase Date related to such Authority Refunding Bonds.

“*Amortization Payment Date*” means, with respect to any Authority Refunding Bond, (a) the Amortization Start Date (or if the Amortization Start Date is not a Business Day, then the immediately following Business Day) and each first Business Day of each three month period thereafter occurring prior to the Amortization End Date or such other period as agreed to between the Authority and OCLTA, and (b) the Amortization End Date.

“*Amortization Start Date*” means, with respect to any Authority Refunding Bond, the one hundred and eightieth (180th) day following the related OCLTA Purchase Date on which such Notes are purchased under this Agreement.

“*Authority*” has the meaning assigned to that term in the recitals to this Agreement and shall include all permitted successors and assigns.

“*Authorized Denominations*” has the meaning given that term in the Indenture.

“*Authority Refunding Bonds*” means the bonds, notes or other evidence of indebtedness purchased by OCLTA pursuant to Section 2.02 hereof.

“*Authority Refunding Bondholder*” means OCLTA (but only in its capacity as owner (which as used herein shall mean the beneficial owner if at the relevant time Authority Refunding Bonds are held in book entry form) of the Authority Refunding Bonds acquired pursuant to this Agreement) and any other Person to whom OCLTA has sold Authority Refunding Bonds pursuant to Sections 2.04(a), 5.01(f) or 8.02.

“*Authorized Representative*” has the meaning given that term in the Indenture.

“*Available Commitment*” means on any day the outstanding principal amount of and accrued but unpaid interest on the Notes which are initially issued in the principal amount of \$_____.

“*Book-Entry Notes*” means the Notes so long as the book-entry system with the Depository is used for determining beneficial ownership of the Notes.

“*Business Day*” means any day other than (i) a Saturday, Sunday, or a day on which banking institutions in the State or the State of California or the jurisdiction in which the corporate trust office of the Trustee is located are authorized or obligated by law or executive order to be closed; (ii) a day upon which commercial banks in the city in which the office of OCLTA at which demands for payment under this Agreement are to be presented is located are authorized or obligated by law or executive order to be closed; (iii) a day on which the New York Stock Exchange is closed; or (iv) a day on which the payment system of the Federal Reserve System is not operational.

“*Closing Date*” means September __, 2021.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and temporary, proposed or final regulations from time to time promulgated thereunder.

“*Collateral*” (a) proceeds from draws under the TIFIA Loan Agreement so long as the TIFIA Loan Agreement is in full force and effect; (b) any legally available funds of the Authority except (i) LTF Revenue, (ii) federal grant funds, (iii) any revenues and assets with respect to the SR 91 Express Lanes, and (iv) any revenues received from operation of the freeway callbox system in Orange County and the freeway service patrol; and (c) all revenues, assets or amounts held by the Trustee in the funds and accounts established under the indenture or trust agreement securing the Authority Refunding Bonds, including investment earnings thereon, excluding amounts deposited to the Rebate Fund.

“*Covenant Failure*” has the meaning given that term in Section 7.01(d).

“*Depository*” means The Depository Trust Company, California, California.

“*Dollar,*” and “*\$*” means the lawful currency of the United States of America.

“*Environmental Law*” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Authority directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*Event of Default*” has the meaning given that term in the lead-in paragraph to Article VII.

“*Event of Insolvency*” means the occurrence of one or more of the following events:

(a) the Authority shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to itself or its indebtedness under any bankruptcy, insolvency, reorganization or other similar law for the relief of debtors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or a substantial part of its property (other than pledging all of the Collateral to the Trustee under the Indenture or any acknowledgement thereof or consent thereto), (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) make a general assignment for the benefit of creditors, (iv) admit in writing its inability to pay its indebtedness as it becomes due, or (v) take any official action through its governing board to authorize any of the foregoing; or

(b) any of the following shall occur with respect to the Authority: (i) an involuntary case or other proceeding shall be commenced in a court of competent jurisdiction against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property (other than pledging all of the Collateral to the Trustee under the Indenture or any acknowledgement thereof or consent thereto) and either (A) the Authority shall consent in writing to such action or (B) such case shall not be dismissed within sixty (60) days, (ii) an order for relief shall be entered against the Authority under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other State or federal laws concerning insolvency or of similar purpose, (iii) a final and non-appealable debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the Notes or the Authority Refunding Bonds shall be declared or imposed pursuant to a finding or ruling by the Authority, the United States of America, the State, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Authority, or (iv) the issuance, under any bankruptcy, insolvency, reorganization or other similar law of any state or of the United States of America for the relief of debtors now or hereafter in effect, of an order of rehabilitation, liquidation or dissolution of the Authority.

“*Extended OCLTA Purchase Period*” has the meaning given that term in Section 8.05.

“*Final Payment Date*” means, with respect to any Authority Refunding Bond, the earliest to occur of (i) the Amortization End Date, and (ii) the date that the Available Commitment of OCLTA is permanently reduced to zero or this Agreement is otherwise terminated prior to its Stated Expiration Date.

“*GAAP*” means generally accepted accounting principles in the United States of America as in effect from time to time, applied by the Authority on a basis consistent with the Authority’s most recent financial statements.

“*Governmental Authority*” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, tribunal, agency, bureau, court or entity (including the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority).

“*Hazardous Materials*” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“*Indebtedness*” means and includes all items that would be classified as a liability of the Authority in accordance with GAAP, including, without limitation, (a) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business); (b) obligations as lessee under leases which should have been, or should be, recorded as capital leases in accordance with generally accepted accounting principles; (c) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor against loss; and (d) obligations secured by any mortgage, lien, pledge, security interest or other charge or encumbrance on property, whether or not the obligations have been assumed.

“*Indenture*” has the meaning set forth in the recitals hereof.

“*Lien*” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, capital lease or other title retention arrangement.

“*M2 Revenues*” shall mean the “Sales Tax Revenues” as defined in that certain Master Indenture of Trust between OCLTA and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 1, 2010.

“*Maximum Authority Refunding Bond Interest Rate*” means the lesser of (i) the Maximum Lawful Rate and (ii) eighteen percent (18%) per annum.

“*Maximum Lawful Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law without regard to any filing made by a lender with respect to notice of rates in excess of any statutory or regulatory threshold interest rate.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors and assigns.

“*Notes*” has the meaning assigned to that term in the recitals to this Agreement.

“*Notice of OCLTA Purchase*” means a notice in the form of Exhibit A.

“*OCLTA*” has the meaning assigned to that term in the recitals to this Agreement and shall include all permitted successors and assigns.

“*OCLTA Purchase Date*” means the 5th Business Day prior to the Expiration Date during OCLTA Purchase Period on which OCLTA is required to advance funds for the purchase of Notes pursuant to Section 2.02.

“*OCLTA Purchase Period*” means the period from the Closing Date to and including the earliest of (i) the Stated Expiration Date then in effect, (ii) the date on which no Notes (including Authority Refunding Bonds) are Outstanding, or (iii) the close of business on the date the Available Commitment is reduced to zero or terminated pursuant to Section 2.03.

“*OCLTA Rate*” means, with respect to any Authority Refunding Bond, except as otherwise provided in Section 3.01(b) hereof, the interest rate determined as of the date of purchase of the Authority Refunding Bonds and on each 12 month anniversary thereof equal to the greater of (i) the total interest cost payable by OCLTA with respect to any bonds issued by OCLTA to fund its purchase of the Authority Refunding Bonds on the OCLTA Purchase Date, and (ii) the trailing 12-month total return for the Authority’s short term portfolio as reported annually on the June 30th preceding the Purchase Date, via the Authority’s investment management software.

“*OCLTA Sale Date*” has the meaning given that term in Section 2.04(b).

“*Official Statement*” means the Official Statement (and any documents incorporated therein by reference and any exhibits or attachments thereto and any amendments thereof or supplements thereto) dated August __, 2021, relating to the Notes.

“*Payment Office*” means the wire transfer instructions of OCLTA as described in Section 8.07 hereof.

“*Person*” means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or a political subdivision or an agency or instrumentality thereof.

“*Potential Default*” means the occurrence of any event which, with the passage of time, the giving of notice, or both, would become an Event of Default.

“*Property*” means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired.

“*Purchase Price*” with respect to any Note or portion thereof on an OCLTA Purchase Date therefor, means the unpaid principal amount thereof, without premium.

“*Purchase Termination Date*” means the close of business on the date on which OCLTA is no longer required to purchase Notes pursuant to Section 7.04(a), (b) or (c).

“*RATING AGENCY*” means _____ and its successors and assigns.

“*Rating Agencies*” means (i) RATING AGENCY (to the extent RATING AGENCY is then rating the Notes or the Authority Refunding Bonds, as the context may require), (ii) Moody’s (to the extent Moody’s is then rating the Notes or the Authority Refunding Bonds, as the context may require), or (iii) any successor or additional rating agency (to the extent such successor or additional rating agency is then rating the Notes or the Authority Refunding Bonds, as the context may require at the written request of the Authority with the written consent of OCLTA).

“*Related Documents*” means the Indenture, the Notes, and this Agreement, as the same may be amended or modified from time to time in accordance with their respective terms and the terms hereof.

“*Sale Price*” has the meaning given that term in Section 2.04(b).

“*Security*” means the pledge of the Collateral by the Authority pursuant to the Indenture, together with all other amounts held on deposit in the funds and accounts established thereunder subject to the terms of the Indenture.

“*State*” means the State of California.

“*Stated Expiration Date*” means October 15, 2024.

“*Trustee*” means U.S. Bank National Association and shall include all permitted successors and assigns, and shall further include any trustee appointed for the Notes.

“*Written*” or “*in writing*” means any form of written communication or a communication by means of telex, telecopier or facsimile device, telegraph or cable.

Section 1.02. Interpretation. In this Agreement, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word “including” shall be deemed to be followed by the words “without limitation.” All references to Sections and Exhibits shall be deemed references to Sections of and Exhibits to this Agreement unless the context shall otherwise require.

Section 1.03. Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Agreement shall be made in accordance with GAAP.

ARTICLE II

THE COMMITMENT

Section 2.01. Commitment to Purchase Authority Refunding Bonds. OCLTA agrees, on the terms and conditions contained in this Agreement, to purchase Authority Refunding Bonds, on behalf of and for OCLTA's own account, during OCLTA Purchase Period at the Purchase Price. The aggregate principal amount (or portion thereof) of any Authority Refunding Bond purchased on behalf of OCLTA on any OCLTA Purchase Date shall be an Authorized Denomination applicable to the Authority Refunding Bonds, and in any case the aggregate principal amount of all Authority Refunding Bonds purchased on behalf of OCLTA on any OCLTA Purchase Date shall not exceed the Available Principal Commitment on such date. Any Authority Refunding Bonds so purchased shall thereupon shall, from the date of such purchase bear interest at OCLTA Rate subject to the provisions of Section 2.04(c) and have other characteristics of Authority Refunding Bonds as set forth herein and in the indenture or trust agreement relating to the Authority Refunding Bonds.

Section 2.02. Method of Purchasing. If on the 75th day prior to the maturity of the Notes the Trustee has given notice to the Authority pursuant to the Indenture that it does not have sufficient funds to repay all of the principal of and accrued but unpaid interest on the Notes on their due date, OCTA shall submit to OCLTA a notice substantially in the form of Exhibit A, as the case may be (any such notice to be referred to as a "*Notice of OCLTA Purchase*"), OCLTA will, during the OCLTA Purchase Period, subject to the satisfaction of the conditions set forth in Section 6.02 hereof, transfer not later than 2:30 p.m. (California City time) on OCLTA Purchase Date to the Trustee, in funds to be available as specified in such Notice of OCLTA Purchase, an amount equal to the aggregate Purchase Price of the Authority Refunding Bonds as set forth in the applicable Notice of OCLTA Purchase. OCLTA shall not have any responsibility for, or incur any liability in respect of, any act, or any failure to act, by the Trustee which results in the failure of the Trustee to credit the appropriate account with funds made available by OCLTA pursuant to this Section 2.02. OCLTA shall purchase any Authority Refunding Bonds it is required to purchase with its own funds and purchase payments shall be made in immediately available funds. Amounts made available hereunder which are not so used to purchase Authority Refunding Bonds will be returned to OCLTA by the Trustee no later than 4:30 p.m. (California City time) on the OCLTA Purchase Date. Amounts held by the Trustee and not returned by the Trustee to OCLTA pursuant to the preceding sentence shall accrue interest, commencing on the OCLTA Purchase Date, equal to the Alternate Base Rate until such date as such amounts shall be returned to OCLTA. Payments by the Authority pursuant to the preceding sentence shall be made upon demand by OCLTA therefor.

OCLTA shall use any legally available funds to purchase the Authority Refunding Bonds, including M2 Revenues, on the OCLTA Purchase Date and shall use its best efforts to issue its bonds, notes or other evidences of indebtedness secured by M2 Revenues on a subordinate basis from OCLTA's outstanding bonds secured on a senior lien basis (such subordinate lien indebtedness to be issued with substantially the same terms as set forth in Exhibit D attached hereto and incorporated herein) the proceeds of which along with other legally available funds of OCLTA shall be in an amount equal to the purchase price of the Authority Refunding Bonds. So long as

the Notes are outstanding, OCLTA will not issue bonds, notes or other evidences of indebtedness secured by M2 Revenues on a subordinate basis from OCLTA's outstanding bonds secured on a senior lien basis.

Section 2.03. Reduction of Commitment.

(a) *Mandatory Reduction of Commitment.* Upon receipt by OCLTA of notice of any redemption, repayment, defeasance or other payment or deemed payment pursuant to the Indenture of all or any portion of the principal amount of the Notes so that said Notes shall have ceased to be Outstanding under the Indenture the aggregate Available Commitment of OCLTA shall automatically be reduced by the principal amount of said Notes so redeemed, repaid, defeased or otherwise deemed paid. The Trustee shall cause written notice of such redemption, repayment, defeasance, other payment or conversion to be promptly delivered to OCLTA.

(b) *Expiration of OCLTA Purchase Period.* The Available Commitment shall automatically terminate at 5:00 p.m. (California City time) on the date of expiration of OCLTA Purchase Period.

(c) *No Other Termination.* Except as specifically provided in this Section 2.03 or otherwise in Article VII, no Person shall have the right to reduce or terminate the Available Commitment.

Section 2.04. Sale of Authority Refunding Bonds. OCLTA expressly reserves the right to sell, at any time, Authority Refunding Bonds subject, however, to the express terms of this Agreement. OCLTA agrees that such sales will be made only to institutional investors or other entities that customarily as part of their business purchase commercial paper or tax-exempt securities in large denominations. OCLTA agrees to promptly notify the Trustee and the Authority in writing of any such sale and shall provide the Trustee and the Authority with the written agreement of each transferee (A) acknowledging the terms of this Agreement relating to its purchase of Notes, (B) acknowledging that there is no short-term investment rating assigned to such Bond so long as it remains a Authority Refunding Bond, (C) agreeing not to sell such purchased Authority Refunding Bond except for sales to OCLTA and sales to institutional investors or other entities that customarily as part of their business purchase commercial paper or tax-exempt securities in large denominations which agree to be bound by the sale restrictions of this Section 2.04, (D) agreeing that such Bond is subject to sale, and may cease to be a Authority Refunding Bond, as provided in this Section 2.04, and providing instructions for how to notify such transferee of such sale, and (E) acknowledging that so long as such Bond remains an Authority Refunding Bond, OCLTA is not obligated to purchase it hereunder.

Section 2.05. Security. The Authority and OCLTA intend that the payment of principal and interest on Authority Refunding Bonds and the payment of all other obligations due and owing to OCLTA under this Agreement shall, in all events, have the benefit and security of the Indenture or such other indenture or trust agreement relating to the Authority Refunding Bonds, as provided therein. The payment of principal and interest on Authority Refunding Bonds shall be secured in accordance with and subject to the terms of the Indenture or such other indenture or trust agreement

relating to the Authority Refunding Bonds on an equal and ratable basis and are superior in all respects to any pledge and lien for Subordinate Obligations.

ARTICLE III

INTEREST RATES; PAYMENTS

Section 3.01. Notes to Bear Interest at OCLTA Rate; Other Interest Provisions.

(a) *OCLTA Rate.* Any Bond purchased by OCLTA pursuant to this Agreement shall thereupon become an Authority Refunding Bond and shall bear interest at the OCLTA Rate for the period commencing from the date that OCLTA shall have purchased said Bond and, subject to Section 2.04(c), continuing until said Bond is paid in full. Payments by the Authority pursuant to this Section 3.01(a) shall be made upon demand therefor made by OCLTA to the Authority and the Trustee. The failure of OCLTA to give any notice shall not limit or otherwise affect the obligation of the Authority to pay interest on Authority Refunding Bonds at the rates specified in this Section 3.01.

(b) *Default Rate.* If the principal or interest of any Authority Refunding Bond or any other obligation of the Authority under this Agreement (including, to the extent permitted by law, any interest payment required thereunder) is not paid when due (whether by redemption or otherwise), such overdue payment or other obligation shall bear interest from the date such amount or other obligation, as the case may be, was due until paid in full (after as well as before judgment) at the Default Rate. Payments by the Authority pursuant to this Section 3.01(b) shall be made upon demand therefor made by OCLTA to the Authority and the Trustee. If at any time an Event of Default has occurred and is continuing, the principal amount of any Authority Refunding Bond or any other obligation of the Authority under this Agreement (including, to the extent permitted by law, any interest payment required thereunder) shall bear interest from the date such principal amount or other obligation, as the case may be, was due until paid in full (after as well as before judgment) at the Default Rate, such interest to be payable on demand.

(c) *Deferred Interest.* For any period during which Authority Refunding Bonds are outstanding and as to each monthly interest period, in the event that the amount of interest which would be payable on Authority Refunding Bonds (calculated, with respect to Authority Refunding Bonds at the OCLTA Rate, but expressly disregarding for purposes of this subsection (c) the limitation contained in the definition of “OCLTA Rate” that such rate shall not exceed the Maximum Authority Refunding Bond Interest Rate, exceeds the Maximum Authority Refunding Bond Interest Rate, the amount of such excess shall not be payable on the Interest Payment Date for such monthly interest period as interest on such Authority Refunding Bonds, but shall be deferred (“Deferred Interest”). Deferred Interest shall be allocated among Authority Refunding Bonds outstanding on such Interest Payment Date based upon the principal amount thereof and the length of time such Authority Refunding Bonds were outstanding during the monthly interest period related to such Interest Payment Date. Deferred Interest arising on any Interest Payment Date shall become payable on the next succeeding Interest Payment Date or Dates to the extent the interest (including Deferred Interest) payable on Authority Refunding Bonds for the monthly interest period ending on such Interest Payment Date does not exceed the Maximum Authority

Refunding Bond Interest Rate for such monthly interest period. All amounts of interest payable on an Authority Refunding Bond, including without limitation, Deferred Interest, for so long as such Bond shall remain an Authority Refunding Bond, shall constitute interest on such Bond. To the extent Deferred Interest shall be unpaid with respect to Authority Refunding Bonds, and such Notes shall be redeemed or remarketed or shall otherwise cease to be Authority Refunding Bonds, such unpaid Deferred Interest shall be converted into a fee payable to OCLTA (herein, the “*Deferred Interest Fee Amount*”) and shall bear interest at a rate per annum equal to OCLTA Rate payable on the next succeeding Interest Payment Date. Payments by the Authority pursuant to this Section 3.01(c) shall be made upon demand therefor by OCLTA to the Authority and the Trustee, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof.

Section 3.02. Maturity; Interest. The Authority agrees that, with respect to each Authority Refunding Bond, (i) such Authority Refunding Bond shall be paid in full no later than the Final Payment Date, if not earlier required to be paid under this Agreement; (ii) the interest on the unpaid amount of each such Authority Refunding Bond from and including the OCLTA Purchase Date shall be computed at a rate per annum equal to OCLTA Rate as determined pursuant to Section 3.01; and (iii) interest payable pursuant to clause (ii) shall be due and payable (A) monthly in arrears on the first Business Day of each calendar month, (B) upon redemption (to the extent of the interest accrued on the amount being redeemed), and (C) on the Final Payment Date. Each demand for payment pursuant to this Section 3.02 shall be accompanied by a certificate of an officer of OCLTA in reasonable detail setting forth the computation of such amount, which certificate shall be conclusive, absent manifest error, and such demand shall be paid by the Authority upon demand by OCLTA.

Section 3.03. Amortization of Authority Refunding Bonds. (a) Outstanding Authority Refunding Bonds shall be subject to amortization in 20 equal (or early equal) quarterly installment of principal or such other amortization schedule as agreed to between the Authority and OCLTA, or mandatory redemption or purchase in full on the date which the fifth anniversary following the OCLTA Purchase Date on which such Authority Refunding Bonds are purchased hereunder.

Section 3.04. Computations; Payments. (a) Interest (including interest at the Default Rate) and other amounts payable to OCLTA hereunder, including interest on Authority Refunding Bonds, shall be computed on the basis of a 365-day or 366-day year, as applicable and actual days elapsed. Except as provided in Section 2.02, any payments received by OCLTA later than 3:30 p.m. (California City time) on any day shall be deemed to have been paid on the next succeeding Business Day. All payments to OCLTA hereunder shall be made in Dollars and in immediately available funds. Unless OCLTA shall otherwise direct, all such payments shall be made as set forth herein.

(b) Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. Any computation of the amounts due under this Article III, including, without limitation, OCLTA Rate and Deferred Interest in connection with Authority Refunding Bonds, but excluding the computation of amounts required to be determined pursuant to the Indenture, shall be the obligation of the Authority and shall, absent manifest error, be binding on the Authority and the Trustee.

(c) Payments (other than remarketing proceeds) received by OCLTA from the Authority under this Agreement shall be applied, first, to any fees, costs, charges or expenses payable by the Authority to OCLTA under this Agreement; second, to past due interest; third, to current interest; and fourth, to principal.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY

Section 4.01. Representations of the Authority. The Authority makes the following representations and warranties to OCLTA as of the Closing Date and as of the effective date of any extension of the Stated Expiration Date (which representations and warranties shall survive the execution and delivery of this Agreement and any purchases of Authority Refunding Bonds):

(a) *Existence.* The Authority is a regional transportation authority duly organized and validly existing under the laws of the State, including the Act, with full right and power (i) to issue the Notes, (ii) to own its properties and to carry on its activities as now conducted and as contemplated to be conducted in connection with the issuance of the Notes and the execution, delivery and performance of its obligations under the Related Documents and this Agreement, (iii) to execute, deliver and perform its obligations under the Related Documents and this Agreement, and (iv) to provide for the security of the Notes pursuant to the Act and the Indenture; and the Authority has complied with all provisions of applicable law, including the Act, in all matters related to such actions of the Authority as are contemplated by the Related Documents and this Agreement.

(b) *Authorization; Contravention.* The execution, delivery and performance by the Authority of this Agreement and each other Related Document are within the Authority's powers, have been duly authorized by all necessary action, and do not and will not conflict with, or result in a violation of, any provision of law, including the Act, or any order, writ, judgment, injunction, decree, award, law, rule or regulation of any court or governmental agency or instrumentality binding upon or applicable to the Authority, and do not and will not conflict with, result in a violation of, or constitute a default under, any resolution, agreement or instrument to which the Authority is a party or by which the Authority or any of its property is bound, or result in the creation or imposition of any lien on, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Authority is a party or by which it or any of its property is bound, except for the lien on Collateral set forth in the Indenture.

(c) *Binding Effect.* (i) This Agreement and the other Related Documents constitute valid and binding agreements of the Authority, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies local transportation authorities in the State.

(ii) The Indenture creates the pledge, lien and assignment which it purports to create to secure the Notes (including Authority Refunding Bonds), as and to the extent provided

in the Indenture and the Authority has not pledged or granted a lien, security interest or other encumbrance of any kind on the security pledged to the Notes that is senior or superior to the pledge in favor of the Notes or the Authority Refunding Bonds. Each of the statements set forth in Section 2.08 of this Agreement is true and correct.

(d) *No Consent or Approval.* No consent, approval, permit, authorization or order of, or registration or filing with, any court or governmental agency, authority or other instrumentality not already obtained, given or made is required on the part of the Authority for the execution, delivery and performance by the Authority of the Related Documents or this Agreement.

(e) *Financial Information.* (i) The audited financial statements of the Authority for the fiscal year ended June 30, 2020, as heretofore delivered to OCLTA, are, as of the Closing Date, complete and correct and fairly present the financial position of the Authority at the end of such fiscal year and the results of operations for the year then ended, and have been prepared in conformity with GAAP, consistently applied.

(ii) As of the Closing Date, except as otherwise disclosed to OCLTA in writing by the Authority, since June 30, 2020 there has been no material adverse change in the business, assets, condition, financial position, results of operations, properties, revenues or prospects of the Authority.

(f) *Litigation.* There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental agency or authority, or other board, body or official, pending or, to the best knowledge of the Authority, threatened against or affecting the Authority, questioning the validity of the Act or any proceeding taken or to be taken by the Authority in connection with the execution, delivery and performance by the Authority of the Related Documents or this Agreement, or otherwise involving or affecting the Authority, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Authority of any of the foregoing, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity of the Act or any provision thereof material to the transactions contemplated by this Agreement, the Indenture or the other Related Documents, (ii) the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, the Indenture, the other Related Documents or this Agreement or the validity, enforceability or perfection of the pledge of and lien on the Collateral under the Indenture, or (iii) the ability of the Authority to conduct its activities as presently conducted or as proposed or contemplated to be conducted under the terms of this Agreement, the Indenture and the other Related Documents.

(g) *No Governmental Fees.* To the best knowledge of the Authority, neither the execution, delivery nor performance by OCLTA of this Agreement or any of the other Related Documents will give rise to any tax, including without limitation any stamp tax, or any fee of any State agency or government body in or of the State or under federal laws or regulations.

(h) *No Default.* The Authority is not in default under (i) the Act, (ii) any order, writ, injunction or decree of any court or Governmental Agency applicable to or binding on it or any of its properties, (iii) any law or regulation, (iv) any of its Indebtedness, (v) any contract, agreement

or instrument to which it is a party or by which it or its property is bound, in each case, which default could have a material adverse effect on the business, assets, condition, financial position, results of operations, properties, revenues or prospects of the Authority or an adverse effect on the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, this Agreement and the Related Documents to which it is a party; and no event has occurred which with the giving of notice or the passage of time or both would constitute a default. No event, act or omission has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute an Event of Default.

(i) *Official Statement.* The Official Statement, a true copy of which has heretofore been delivered to OCLTA, was prepared with respect to the Notes. In addition, all amendments or supplements to the Official Statement prepared prior to the Closing Date have also been delivered to OCLTA. The Official Statement, as of its date, did not contain any untrue statement of a material fact with respect to the Authority, and did not omit to state a material fact with respect to the Authority necessary to make the statements therein with respect to the Authority, in light of the circumstances under which they were made, not misleading. If the Authority, subsequent to the Closing Date, prepares any amendments, supplements or replacement to the Official Statement containing information about the Authority, the Authority will provide a true copy to OCLTA, and such Official Statement, as of its date, will not contain any untrue statement of a material fact with respect to the Authority, and will not omit to state a material fact with respect to the Authority necessary to make the statements therein with respect to the Authority, in light of the circumstances under which they were made, not misleading; *provided* that no representation is made as to information with respect to any party other than the Authority included therein.

(j) *Pending Legislation.* (i) As of the Closing Date, the Authority knows of no legislation pending that could, if enacted, affect the validity or enforceability of this Agreement or the Related Documents, or the ability of the Authority to perform its obligations hereunder or under the Related Documents, and (ii) no legislation has been enacted which in any way adversely affects the Notes or the execution, delivery or performance of this Agreement or the Related Documents or the creation, organization or existence of the Authority or the titles to office of any officers thereof, or the power of the Authority to carry out its obligations under this Agreement or the Related Documents or the ability of the Authority to perform its obligations hereunder or under the Related Documents.

(k) *Environmental Laws.* The Authority and its property (i) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (ii) have not received notice to the effect that any of the Authority's property or its operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, and (iii) to the best of the knowledge of the Authority, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (i), (ii) and (iii) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to adversely affect the security for any of the Notes, or the Authority's ability to pay when due its obligations under, or the validity

or enforceability of, this Agreement, the Notes or any of the other Related Documents to which it is a party, or materially adversely affect the business, assets, condition, financial position, results of operations, properties, revenues or prospects of the Authority. The Authority agrees that any Person with whom the Authority enters into a project contract with respect to the Authority's properties will agree to act in accordance with the terms of this subsection as to the Authority's properties.

(l) *Trustee.* [Trustee] is the duly appointed and acting Trustee with respect to the Notes.

(m) *No Existing Right to Accelerate.* As of the Closing Date, no Person has a right under any indenture or any supplemental indenture relating to any Notes or any other document or agreement relating to any Notes to direct the Trustee or any other Person to declare the principal of and interest on any Notes to be immediately due and payable.

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.01. Covenants of the Authority. During the term of this Agreement, and until the obligations of the Authority to OCLTA hereunder are paid in full including full payment of Authority Refunding Bonds, and OCLTA has no further commitment hereunder, unless OCLTA shall otherwise consent in writing, the Authority covenants and agrees as follows:

(a) *Information.* The Authority will deliver to OCLTA:

(i) as soon as practicable and, in any event, within 210 days after the end of each fiscal year of the Authority, a balance sheet of the Authority as at the end of such fiscal year and statements of operations and fund balances and cash flows and changes in financial position for the fiscal year then ended, all in reasonable detail prepared in accordance with GAAP consistently applied and any applicable regulations accompanied by a report and opinion of the Authority's independent accountants (who shall be of nationally recognized standing) which report and opinion shall have been prepared in accordance with GAAP, together with the audit report of such independent certified public accountants (which report shall not be qualified as to the conduct of such audit in accordance with generally accepted auditing standards). In addition, the chief executive officer, chief financial officer, treasurer or executive director of the Authority shall deliver to OCLTA within said period of 210 days a certificate, substantially in the form of Exhibit E, (i) stating that nothing has come to his attention to lead him to believe that any Event of Default hereunder exists or, if such is not the case, specifying such Event of Default and the nature thereof;

(ii) as soon as practicable and, in any event, within 60 days after the end of each fiscal quarter of the Authority, the Authority shall provide to OCLTA the unaudited statement of revenue and expenditures of the general fund of the Authority for the preceding fiscal quarter and for the year to date, in each case, in reasonable detail and

subject to year-end adjustment, in format similar to the information provided in clause (i) above, comparing such information to the same periods in the prior fiscal year, r;

(iii) as soon as practicable after adoption by the governing body of the Authority, and, in any event within thirty (30) days of the adoption thereof, the approved budget of the Authority for the upcoming fiscal year;

(iv) promptly, and in any event within five (5) Business Days after the Authority shall have obtained knowledge, of the occurrence of an Event of Default, the written statement of an authorized officer of the Authority setting forth the details of each such Event of Default and the action which the Authority proposes to take with respect thereto;

(v) as soon as possible but, in any event, within 30 days after the issuance thereof, copies of any prospectus, official statement, offering circular, placement memorandum or similar or corresponding document, and any supplements thereto and updates and amendments thereof, that the Authority makes available in connection with the offering for sale of any securities of which it is the issuer, and, on OCLTA's reasonable request, to the extent not duplicative of items delivered pursuant to subsection (x) below, copies of all annual reports, and notices of filing of all other reports, that the Authority may be required to file with any governmental commission, department, board, bureau or agency, Federal or State;

(vi) promptly, notice of any change, suspension or withdrawal in the ratings on the Notes or the Authority Refunding Bonds, by Moody's or RATING AGENCY forthwith upon the occurrence thereof;

(vii) promptly, notice of the failure of the Authority to make a payment under any other Indebtedness of the Authority;

(viii) promptly (i) notice of the failure by the Trustee to perform any of their respective obligations under the Related Documents to which such entity is a party, (ii) notice of any proposed substitution of this Agreement, and (iii) notice of any resignation or removal of the Trustee;

(ix) promptly upon receipt of the written request therefor from OCLTA, copies of all management letters of substance and other reports of substance that are submitted to the Authority by its independent accountants in connection with any annual or interim audit of the books of the Authority made by such accountants;

(x) promptly, after the filing thereof, any material event notices or other filing required to be filed pursuant to Securities and Exchange Commission Rule 15c2-12 or pursuant to any continuing disclosure agreement entered into by the Authority relating to an adverse (including preliminary) determination as to the tax exempt status of the Notes or other events affecting the tax exempt status of the Notes as required by the provisions of said Rule;

(xi) promptly, notice of any redemption, repayment or other payment of any or all of the Notes;

(xii) promptly, notice of any proposed amendments to Related Documents and copies of all actual amendments thereto; and

(xiii) from time to time such other information with respect to the affairs, properties, business, revenues, condition (financial or other), results of operations or prospects of the Authority or with respect to the Notes and the transactions contemplated hereby and by the Related Documents as OCLTA may from time to time reasonably request.

(b) *No Amendment Without Consent of OCLTA.* Subject to Section 5.01(e), the Authority will not agree or consent to any amendment, supplement or modification of any Related Document, nor waive any provision thereof, in any manner which would materially and adversely affect OCLTA, without the prior written consent of OCLTA.

(c) *Trustee.* The Authority shall not appoint any Person to perform the duties of the Trustee in accordance with the terms of the Indenture, without the consent of OCLTA, which consent shall not be unreasonably withheld.

(d) *Incorporation of Covenants by Reference.* The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Indenture and the other Related Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that (A) any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person and (B) any such waiver or consent or acceptance of a document, opinion or other instrument would adversely affect the interests of OCLTA, for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to in writing by OCLTA and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to OCLTA. Without the written consent of OCLTA, no amendment to such covenants and agreements or defined terms made pursuant to any certificate or any other Related Document shall be effective to amend such covenants and agreements and defined terms as incorporated by reference herein.

(e) *Reserved.*

(f) *Maintenance of Books and Records.* The Authority will keep proper books of record and account in which full, true and correct entries in accordance with GAAP will be made of all dealings or transactions in relation to its business and activities.

(g) *Access to Officers, Employees or Agents.* The Authority will permit its officers, employees and agents to discuss with OCLTA matters pertinent to an evaluation of the credit of

the Authority, all at such reasonable times as OCLTA may reasonably request and at the expense of the Authority upon and during the continuance of an Event of Default.

(h) *Inspection of Records.* At any reasonable time and upon reasonable prior notice from time to time, and at the expense of the Authority upon and during the continuance of an Event of Default, the Authority shall permit OCLTA or any agents or representatives thereof designated in writing (i) to visit and inspect any of the properties of the Authority, and to discuss the affairs, finances and accounts of the Authority with, and to be advised as to the same by, the principal officers and employees of the Authority and its independent public accountants, all at such reasonable times during normal business hours and as often as OCLTA may reasonably request, and (ii) to review and inspect the corporate books and financial records of the Authority and to make copies thereof and extracts therefrom.

(i) *Compliance with Law.* The Authority shall comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards of any court or Governmental Agency, which are applicable to the Authority or any of its properties; *provided, however,* that the Authority may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the validity or enforceability of, or the power and authority of the Authority to perform its obligations under, this Agreement and the Related Documents to which it is a party.

(j) *Proceeds of Notes.* The proceeds of the Notes and the purchase of the Authority Refunding Bonds will be used by the Authority solely for the purposes described in the Indenture.

(k) *Payment of Obligations.* (i) The Authority shall take such action as necessary to cause payment of the Notes and Authority Refunding Bonds, and shall take such further action as is appropriate in order to provide for payment of any and all of its obligations hereunder and under all of the Related Documents, including, without limitation, including such amounts in its budget as and to the extent applicable.

(ii) The Authority shall pay (a) all indebtedness and obligations of the Authority in accordance with the terms thereof and (b) all assessments or other governmental charges as the same respectively become due, all taxes, assessments (general or special) and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to any of its or its businesses, property, revenues and assets or any interest thereon and promptly discharge or cause to be discharged all liens, encumbrances and charges on such businesses, property, revenues and assets.

(l) *Further Assurances.* From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as OCLTA may reasonably request for the purposes of implementing or effectuating the provisions of this Agreement and each of the Related Documents. Except to the extent it is exempt therefrom, the Authority will pay or cause to be paid all filing, registration and recording fees incident to such

filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance.

(m) *Preservation of Existence.* The Authority will not directly or indirectly:

(i) Terminate, wind up, liquidate or dissolve its affairs or sell, transfer, convey or lease (whether in a single transaction or a series of transactions) all or any substantial part of its properties or assets.

(ii) Consolidate or merge with or into any other corporation, organization, partnership, association, government, political subdivision, public benefit corporation or other entity, including an individual, unless:

(A) neither the validity nor enforceability of the the Notes or the Indenture shall be adversely affected thereby;

(B) such merger or consolidation shall be with or into another body politic and corporate, which shall assume in writing or by operation of law, the due and punctual performance and observance of all covenants, agreements and conditions of the Fifth Supplemental Indenture, the Notes, the Indenture and this Agreement;

(C) the pledge of the Security shall remain in full force and effect with respect to the Notes (including Authority Refunding Bonds) and the other obligations of the Authority under this Agreement and the priority of such pledge shall remain the same as in effect prior to such merger or consolidation;

(D) the long-term ratings on the Notes by RATING AGENCY, Moody's and _____ (to the extent each such Rating Agency is then rating the Notes) shall remain the same as in effect prior to such merger or consolidation;

(E) no Event of Default will have occurred and be continuing, both before and after giving effect to such merger or consolidation; and

(F) such merger or consolidation shall not have a material adverse effect on the Notes, this Agreement or any other Related Document or otherwise to the operations, affairs, properties, condition (financial or otherwise) or prospects of the Authority, as determined by OCLTA, in its sole discretion.

At least thirty (30) days before the consummation of any such consolidation or merger, the Authority shall give notice thereof in reasonable detail to OCLTA. The Authority promptly shall furnish such additional information with respect to any such consolidation or merger as OCLTA shall request and, if OCLTA shall so request, an opinion of counsel satisfactory to OCLTA, in form and substance satisfactory to OCLTA, as to the matters set forth in subparagraphs (A), (B), (C), (E) and (F) of this subsection (q)(ii).

(n) *Liens, Etc.* The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Indenture except those Liens specifically permitted under the Indenture. The Authority shall not create any pledge, lien or charge upon any of the Collateral having priority over or having parity with the lien of the Notes or the Authority Refunding Bonds.

(o) *Actions.* The Authority shall not take any action, or cause the Trustee to take any action, under the Related Documents inconsistent with the rights of OCLTA under this Agreement including, without limitation, its obligations to make payments to OCLTA, without the prior written consent of OCLTA.

(p) *Disclosure.* The Authority shall not refer to OCLTA in any official statement or make any changes in reference to OCLTA in any official statement without OCLTA's prior written consent thereto. OCLTA hereby consents to the inclusion of the disclosure information describing OCLTA that has been specifically provided for purposes of the Official Statement.

(q) *Additional Obligations.* Except for the Notes and the Authority Refunding Bonds, the Authority shall not issue any obligations or securities payable in whole or in part from the Collateral.

(r) *Reserved.*

(s) *Accounting Methods and Fiscal Year.* The Authority shall not adopt, permit or consent to any change in accounting practices other than as required by GAAP and will not adopt, permit or consent to any change in its fiscal year unless it provides prior written notice of such change to OCLTA.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.01. Conditions to OCLTA's Entering into Agreement. It shall be a condition precedent to OCLTA's entering into this Agreement that all proceedings taken in connection with the transactions contemplated hereby and all documents incident thereto including the Related Documents shall be in form and substance satisfactory to OCLTA and that the conditions enumerated in this Section 6.01 have been fulfilled to the satisfaction of OCLTA and its counsel. Delivery by OCLTA of fully executed signature pages to this Agreement shall constitute acknowledgment and acceptance by OCLTA that all such conditions have been met or waived.

(a) *Representations.* On the date of the execution and delivery of this Agreement: (i) there shall exist no Event of Default; (ii) all representations and warranties made by the Authority herein or in any of the Related Documents to which it is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time; (iii) the statements made by the Authority in this Agreement, in any of the Related Documents and in the information contained in the unaudited quarterly financial information of the Authority delivered to OCLTA pursuant to Section 6.01(b)(xii) hereof, in connection with this

Agreement are accurate in all material respects as of the Closing Date and the foregoing documents furnished to OCLTA by or on behalf of the Authority were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the Closing Date, represent the Authority's best estimate of its future financial performance; however, the parties acknowledge that there is no guarantee that the assumptions used therein will not be wrong to a material extent; and (iv) on the Closing Date, after giving effect to the transactions contemplated by this Agreement and the other Related Documents to which it is a party, the Property (including, without limitation, the Collateral when and as received) of the Authority will not be less than the probable liability on its debts as such debts become due, and the Authority expects to have reasonably sufficient revenues to conduct its business.

(b) *Supporting Documents.* On or prior to the date of the execution and delivery of this Agreement, OCLTA shall have received, in form and substance satisfactory to OCLTA, the following:

- (i) true and complete executed originals of this Agreement;
- (ii) copies of the Indenture and each other Related Document not specified in (i) above;
- (iii) certified copies of the resolutions of the Authority approving this Agreement, the Related Documents and the other matters contemplated hereby (which certificate shall state that such resolutions are in full force and effect as of the Closing Date);
- (iv) originals (or copies certified to be true copies by the Authority) of all governmental and regulatory approvals, if any, at the time necessary for the Authority with respect to this Agreement and the transactions contemplated hereby;
- (v) signature and incumbency certificates, dated the date of the execution and delivery of this Agreement, of the signatures of the officers of the Authority executing this Agreement and the Related Documents to which it is a party and which are being delivered on the date of this Agreement;
- (vi) a certificate of the Authority, dated the date of the execution and delivery of this Agreement, to the effect set forth in Section 6.01(a) and covering such other matters as OCLTA may reasonably request;
- (vii) a certificate of the Authority, dated the date of the execution and delivery of this Agreement, certifying and attaching true and complete copies of each of the applicable Related Documents, together with all amendment and modifications thereto;
- (viii) signature and incumbency certificates, dated the date of the execution and delivery of this Agreement, of the signatures of the officers of the Trustee;

(ix) a certificate of the Trustee, dated the date of the execution and delivery of this Agreement, covering such matters as OCLTA may reasonably request;

(x) executed legal opinions, dated the date of the execution and delivery of this Agreement, addressed to OCLTA and in form and substance satisfactory to OCLTA (A) of Bond Counsel covering such matters as OCLTA may reasonably request, including without limitation, a reliance letter from Bond Counsel confirming that OCLTA may rely on the final approving opinion delivered by Bond Counsel in connection with the issuance of the Notes, (B) of counsel to the Authority covering such matters as OCLTA may reasonably request, and (C) of counsel to the Trustee covering such matters as OCLTA may reasonably request; and

(xi) such other documents, instruments, approvals (and, if requested by OCLTA, certified duplicates of executed copies thereof) or opinions as OCLTA may reasonably request.

(c) *Ratings.* OCLTA shall have received (i) satisfactory evidence that the Notes shall have been assigned a long-term rating of not less than “__” by RATING AGENCY and “__” by Moody’s.

(d) *No Material Adverse Effect or Change.* In the sole judgment of OCLTA, (i) since the most recent date on which the Authority has supplied information, financial or otherwise, to OCLTA, there has been no event which materially adversely affects the issuance of the Notes, the security for the Notes or the Authority’s ability to repay when due its obligations under this Agreement and the Related Documents and (ii) since June 30, 2020, in the judgment of OCLTA, there has been no material adverse change or disruption in the financial banking or capital markets for liquidity facilities similar in nature to the facility contemplated by this Agreement.

Section 6.02. Conditions Precedent to Purchase. The obligation of OCLTA to purchase Authority Refunding Bonds hereunder is subject to OCLTA receiving the Notice of OCLTA Purchase as provided in Section 2.02 hereof.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

The occurrence of any of the events set forth in Sections 7.01 shall constitute an event of default (each, an “*Event of Default*”). Upon the occurrence of an Event of Default (as hereinafter defined), OCLTA may exercise those rights and remedies provided in Section 7.03.

Section 7.01. Events of Default.

(a) *Payments.* The Authority shall fail to pay when due (i) principal or interest on Authority Refunding Bonds which has become due and payable, or (ii) any amounts owed by the Authority to OCLTA pursuant to this Agreement (other than as described in clause (i) above) and any such failure solely in the case of this clause (ii) is not cured within three (3) Business Days.

(b) *Representations.* Any representation or warranty (other than the representations and warranties contained in Sections 4.01(v) and 4.01(w) hereof) made by or on behalf of the Authority in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall prove to have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) *Covenants.* The Authority shall fail to perform or observe any term, covenant or agreement (other than ones described in any other paragraph of this Section 7.01) contained in (or otherwise incorporated into) this Agreement (each a “*Covenant Failure*”) which failure continues for thirty (30) days or more; *provided* that such Covenant Failure shall not constitute an Event of Default hereunder until such failure continues for sixty (60) days if (i) the Authority provides satisfactory evidence to OCLTA that such Covenant Failure is able to be cured within sixty (60) days of the occurrence of the Covenant Failure, (ii) the Authority provides reasonable assurances to OCLTA that the Covenant Failure will be cured within sixty (60) days of the occurrence of the Covenant Failure and (iii) the Authority provides satisfactory evidence to OCLTA that the Authority has commenced the process required to cure such Covenant Failure within ten (10) days of the occurrence of such Covenant Failure.

(d) *Debt.* (i) Default by the Authority in the payment of any amount due in respect of any Indebtedness payable to OCLTA as and when the same shall become due, or (ii) default by the Authority in the payment of any amount due in respect of any other Indebtedness in an aggregate amount in excess of \$5,000,000 as and when the same shall become due, or (iii) (A) default under any mortgage, agreement or other instrument under or pursuant to which such Indebtedness is incurred or issued, and continuance of such default beyond any period of grace allowed with respect thereto, or (B) the occurrence of any act or omission by the Authority under any such mortgage, agreement or other instrument which, in the case of either (A) or (B), results in any amount of such Indebtedness (if such Indebtedness is a Indebtedness payable to OCLTA) or in excess of \$5,000,000 of such Indebtedness (with respect any other Indebtedness) becoming, or being capable of becoming, immediately due and payable.

(e) *Invalidity.* Any provision of this Agreement, the Notes or any other Related Document shall cease to be valid and binding, or the Authority shall contest any such provision, or the Authority or any authorized agent or trustee on behalf of the Authority, shall deny that it has any further liability under any provision of this Agreement, the Notes or any other Related Document.

(f) *Other Documents.* The occurrence of any default beyond the period of grace, if any, allowed with respect thereto under any Related Document other than this Agreement.

(g) *Financial Emergency.* There shall be appointed or designated with respect to the Authority, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

(h) *Event of Taxability.* One or more attachments against the property of the Authority, the operation or result of which, individually or in the aggregate, equal or exceed \$5,000,000 shall remain unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days.

(i) *Event of Insolvency.* The occurrence of an Event of Insolvency.

Section 7.02. Certain Other Matters. No failure or delay on the part of OCLTA in exercising any right, power or privilege hereunder and no course of dealing shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which OCLTA would otherwise have. No notice to or demand on the Authority or any other Person hereto in any case shall entitle the Authority or such other Person to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of OCLTA to any other or further action in any circumstances without notice or demand.

Section 7.03. Remedies. Upon the occurrence and during the continuance of an Event of Default under this Agreement as provided in Section 7.01 hereof, OCLTA shall be entitled to exercise all remedies available at law or equity; provided in no event shall OCLTA be entitled to terminate its obligation to purchase Authority Refunding Bonds as provided in Section 2.01 hereof.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Changes to Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the parties hereto. The Trustee shall give notice to RATING AGENCY, _____ and Moody's, if then rating the Notes, of any amendments to this Agreement.

Section 8.02. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; *provided, however,* that the Authority may not assign or transfer any of its rights or obligations hereunder without the prior written consent of OCLTA; and *provided, further, however,* with respect to OCLTA, no assignment shall occur and become effective until each of RATING AGENCY, _____ and Moody's, if then rating the Notes, has confirmed in writing that such assignment shall not cause the lowering, withdrawal or suspension of any ratings then existing on the Notes. OCLTA may disclose to any assignee or prospective assignee any information or other data or material in OCLTA's possession relating to this Agreement, any Related Document and the Authority, without the consent of or notice to the Authority. OCLTA shall have the right at any time to grant participations in all or part of its obligations hereunder and the obligations of the Authority hereunder to any other institutional purchaser (the "*Participants*") without the consent of or notice to the Authority or any other Person; *provided, however,* that notwithstanding anything herein to the contrary, OCLTA shall not grant participations in all or part of its obligations hereunder unless such participation is subject in all cases to the provisions of this Agreement; and *provided, further* that any such participation shall not relieve OCLTA from any of its obligations

under this Agreement and the Authority and the Trustee may deal exclusively with OCLTA for all purposes of this Agreement (including the making of all payments on Authority Refunding Bonds). OCLTA may disclose to any Participant or prospective Participant any information or other data or material in OCLTA's possession relating to this Agreement, any Related Document and the Authority, without the consent of or notice to the Authority.

Section 8.03. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

Section 8.04. Submission to Jurisdiction; Waiver of Jury Trial; Judicial Reference.

(a) *Submission to Jurisdiction.* With respect to any suit, action or proceedings relating to this Agreement ("*Proceedings*"), each party irrevocably: (i) submits, to the fullest extent permitted by applicable law, to the exclusive jurisdiction of each of the courts of the State of California and the United States District Court located in the Southern District of California; *provided* that the parties agree to the extent either such court shall have competent jurisdiction, that the parties shall first designate the United States District Court located in the Southern District of California as the site of such suit, action or proceeding; and (ii) waives, to the fullest extent permitted by applicable law, (1) any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, (2) any claim that such Proceedings have been brought in an inconvenient forum and (3) the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party and agrees that neither party shall bring Proceedings in any other jurisdiction.

(b) *Waiver of Jury Trial.* The extent permitted by law, OCLTA, the Trustee and the Authority each hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to any related document or the transactions contemplated thereby. The Authority further agrees that, in the event of litigation, it will not personally or through its agents or attorneys seek to repudiate the validity of this Section 8.04, and it acknowledges that it freely and voluntarily entered into this Agreement to waive trial by jury in order to induce OCLTA to enter into this Agreement.

(c) *Judicial Reference Provisions.* (i) Any and all disputes, claims and controversies arising out of this Agreement or the Related Documents or the transactions contemplated thereby (including, but not limited to, actions arising in contract or tort and any claims by a party to this Agreement (collectively, the "*Parties*") against OCLTA related in any way to the financing) (individually, a "*Dispute*") that are brought before a forum in which pre-dispute waivers of the right to trial by jury are invalid under applicable law shall be subject to the terms of this Section 8.04(c) in lieu of the jury trial waivers otherwise provided in this Agreement or the Related Documents.

(ii) Any and all Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure Sections 638 *et seq.*

(iii) The referee shall be a retired California state court judge or an attorney licensed to practice law in the State of California with at least ten (10) years' experience

practicing commercial law. The Parties shall not seek to appoint a referee that may be disqualified pursuant to California Code of Civil Procedure Section 641 or 641.2 without the prior written consent of all Parties.

(iv) If the Parties are unable to agree upon a referee within ten (10) calendar days after one Party serves a written notice of intent for judicial reference upon the other Party or Parties, then the referee will be selected by the court in accordance with California Code of Civil Procedure Section 640(b).

(v) The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court, and California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The decision of the referee shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

(vi) Nothing in this Section 8.04(c) shall be deemed to apply to or limit the right of OCLTA (1) to exercise self-help remedies such as (but not limited to) setoff, or (2) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, (3) to obtain from a court provisional or ancillary remedies (including, but not limited to, injunctive relief, a writ of possession, prejudgment attachment, a protective order or the appointment of a receiver), or (4) to pursue rights against a Party in a third-party proceeding in any action brought against OCLTA (including actions in bankruptcy court). OCLTA may exercise the rights set forth in the foregoing clauses (1) through (4), inclusive, before, during or after the pendency of any judicial reference proceeding. Neither the exercise of self-help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies or the opposition to any such provisional remedies shall constitute a waiver of the right of any Party, including, but not limited to, the claimant in any such action, to require submission to judicial reference the merits of the Dispute occasioning resort to such remedies. No provision in this Agreement or the Related Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in this Agreement or the Related Documents for judicial reference of any Dispute.

(vii) If a Dispute includes multiple claims, some of which are found not subject to this Section 8.04(c), the Parties shall stay the proceedings of the Disputes or part or parts thereof not subject to this Section 8.04(c) until all other Disputes or parts thereof are resolved in accordance with this Section 8.04(c). If there are Disputes by or against multiple parties, some of which are not subject to this Section 8.04(c), the Parties shall sever the Disputes subject to this Section 8.04(c) and resolve them in accordance with this Section 8.04(c).

(viii) During the pendency of any Dispute which is submitted to judicial reference in accordance with this Section 8.04(c), each of the Parties to such Dispute shall bear equal shares of the fees charged and costs incurred by the referee in performing the services described in this Section 8.04(c). The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorney fees, expert witness fees, paralegal fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amount as is determined by the referee.

(ix) In the event of any challenge to the legality or enforceability of this Section 8.04(c), the prevailing Party shall be entitled to recover the costs and expenses from the non-prevailing Party, including reasonable attorneys' fees, incurred by it in connection therewith.

(x) THE PROVISIONS OF THIS SECTION 8.04(C) CONSTITUTE A "REFERENCE AGREEMENT" BETWEEN OR AMONG THE PARTIES WITHIN THE MEANING OF AND FOR PURPOSES OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638.

Section 8.05. Extension of OCLTA Purchase Period. The Stated Expiration Date may be extended from time to time, at the request of the Authority (in the form of Exhibit C attached hereto) made no earlier than 180 days prior to the Stated Expiration Date, by agreement in writing between the Authority and OCLTA (the period from the preceding Stated Expiration Date to such new Stated Expiration Date being herein sometimes called the "*Extended OCLTA Purchase Period*"). The Extended OCLTA Purchase Period may itself be extended in a like manner for additional periods. OCLTA has no obligation to agree to any Extended OCLTA Purchase Period. If OCLTA, in its sole and absolute discretion, determines to extend any such period, OCLTA shall give written notice of the election to extend to the Authority and the Trustee at least 120 days prior to the expiration of the then Stated Expiration Date. At the time of any extension, OCLTA may, in its sole and absolute discretion, renegotiate terms and conditions of this Agreement, including OCLTA Rate. Notwithstanding anything in this paragraph to the contrary, if OCLTA fails to give notice of an election to extend, this Agreement shall expire at the end of OCLTA Purchase Period or Extended OCLTA Purchase Period then in effect.

Section 8.06. Notice. Any notice, demand, direction, invoice, request or other instrument authorized or required by this Agreement to be given to or filed with the Trustee, OCLTA or the Authority, shall be deemed or have been sufficiently given or filed for all purposes, if any, when delivered by hand or when sent by registered mail, return receipt requested, postage prepaid, and if given by facsimile shall be deemed given when transmitted (receipt confirmed):

If to the Trustee (to be sent U.S. Mail and email):

If to OCLTA:

If to the Authority (to be sent U.S. Mail and email):

With a copy to the Trustee.

Section 8.07. Obligations Absolute. The obligations of the Authority under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

- (a) any lack of validity or enforceability of the Related Documents;
- (b) any amendment or waiver of or any consent to or departure from all or any of the Related Documents;
- (c) any exchange, release or non-perfection of any collateral or any release or amendment or waiver of or consent to departure from any guaranty and insurance documents;
- (d) the existence of any claim, set-off, defense, or other right which the Authority may have at any time against the Trustee, OCLTA (other than the defense of the payment to OCLTA in accordance with the terms of this Agreement) or any other Person, whether in connection with this Agreement, the Related Documents, the transactions contemplated herein or therein, or any unrelated transactions;
- (e) any certificate, notice or any other document presented under this Agreement proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or
- (f) any other circumstance, or happening whatsoever, whether or not similar to any of the foregoing.

Section 8.08. Holidays. Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

Section 8.09. Survival. All representations, warranties, covenants and agreements of the Authority contained in this Agreement as amended or supplemented from time to time or made in writing in connection herewith shall survive the execution and delivery hereof and the purchase of Notes by OCLTA hereunder and shall continue in full force and effect until payment in full of all payment obligations of the Authority hereunder, it being understood that the agreements of the

Authority found in Sections 2.06, 2.07, 3.01(b), and 8.12 shall survive the termination of this Agreement and payment in full of such obligations.

Section 8.10. Liability of OCLTA. The Authority and the Trustee agree that OCLTA shall have no liability or responsibility for the acts or omissions of the Trustee in respect of its use of this Agreement or any amounts made available by OCLTA hereunder. OCLTA shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Trustee which results in the failure of the Trustee to effect the purchase of Notes for the account of OCLTA with funds provided by OCLTA pursuant to Section 2.02 or to comply with the applicable provisions of the Indenture. Neither OCLTA nor any of its directors, officers or employees shall be liable or responsible for: (a) the use which may be made of this Agreement or any amounts made available by OCLTA hereunder or for any acts or omissions of the Trustee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon even if such documents should in fact prove to be in any or all respect invalid, insufficient, fraudulent or forged; or (c) any other circumstances whatsoever in making or failing to make payment under this Agreement, other than, in the case of OCLTA, OCLTA's gross negligence or willful failure to purchase Notes when required under the terms and conditions of this Agreement. In no event shall OCLTA be liable to any Person for special, punitive or consequential damages, including, without limitation, such damages suffered by reason of OCLTA's failure to purchase Notes when required under the terms and conditions of this Agreement.

Section 8.11. Indemnification. To the extent permitted by law, the Authority agrees to indemnify and hold OCLTA harmless from and against, and to pay on demand, any and all claims, damages, losses, liabilities, costs and expenses whatsoever which OCLTA may incur or suffer by reason of or in connection with (i) the execution and delivery or performance of this Agreement or any other documents which may be delivered in connection with this Agreement, (ii) the disclosure in the Official Statement or any other offering document used in connection with the offering, sale, remarketing or resale of the Notes, other than information regarding OCLTA set forth therein which is expressly provided by OCLTA for inclusion therein, or (iii) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement or any other Related Document, including, without limitation, the reasonable fees and expenses of counsel for OCLTA or any consultant to OCLTA with respect thereto and with respect to advising OCLTA as to its rights and responsibilities under this Agreement and all reasonable fees and expenses, if any, in connection with the enforcement or defense of the rights of OCLTA in connection with this Agreement or any of the Related Documents, or the collection of any monies due under this Agreement or such other documents which may be delivered in connection with this Agreement or any of the Related Documents; except, only if, and to the extent that any such claim, damage, loss, liability, cost or expense shall be caused by OCLTA's gross negligence or willful misconduct as determined by a court of competent jurisdiction. Promptly after receipt by OCLTA or notice of the commencement, or threatened commencement, of any action subject to the indemnities contained in this Section 8.12, OCLTA shall promptly notify the Authority thereof, *provided* that failure to give such notice shall not relieve the Authority from any liability to OCLTA hereunder. The obligations of the Authority under this Section 8.12 shall survive payment of all obligations by the Authority to OCLTA owed under this Agreement. Notwithstanding anything to the contrary set forth in this Agreement, for

the purposes of this Section 8.12(b) all references to OCLTA shall also include its officers, directors, employees and agents of OCLTA.

Section 8.12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together shall constitute one and the same instrument.

Section 8.13. Document Imaging and Electronic Transactions. OCLTA is permitted to create electronic images of this Agreement and the other Related Documents and to destroy paper originals of any such imaged documents. Any such images maintained by OCLTA as a part of its normal business processes shall be given the same legal effect as the paper originals. OCLTA is permitted to convert this Agreement and the other Related Documents into a “transferable record” under the Uniform Electronic Transactions Act (“UETA”), with the image of such instrument in OCLTA’s possession constituting an “authoritative copy” under UETA.

Section 8.14. Notice of New Addresses Under Related Documents. The Authority shall deliver a copy of this Agreement to the Trustee as notice of a new address for notices to OCLTA under the respective notice provisions of each of the Related Documents.

Section 8.15. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____
Its: _____

APPROVED AS TO FORM:

General Counsel

ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY

By: _____

Its: _____

APPROVED AS TO FORM:

General Counsel

EXHIBIT A
NOTICE OF OCLTA PURCHASE

EXHIBIT B

FORM OF REQUEST FOR EXTENSION OF STATED EXPIRATION DATE

[DATE]

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

[Date]

The undersigned is the _____ of the ORANGE COUNTY TRANSPORTATION AUTHORITY (together with its successors and assigns permitted under the hereinafter defined Agreement, the “*Authority*”), a local transportation authority duly established and existing under the laws of the State of California, and hereby certifies that (unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the hereinafter defined Agreement):

1. Under his or her supervision, the Authority has made a review of its activities during the preceding annual period covered by the attached financial statements for the purpose of determining whether or not the Authority has complied with all of the terms, provisions and conditions of that certain Standby Bond Purchase Agreement (the “*Agreement*”) dated as of September 1, 2021, among the Orange County Transportation Authority (the “*Authority*”), _____, as Trustee (the “*Trustee*”), and Mizuho OCLTA, Ltd., acting through its California Branch (the “*OCLTA*”).

2. Nothing has come to his or her attention to lead him to believe that any Event of Default under the Agreement exists or, if such is not the case, specifying such Event of Default and the nature thereof, except as set forth below:

Described below are the exceptions, if any, to paragraph 2 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Authority has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in the Attachment hereto and the financial statements delivered with this Compliance Certificate in support hereof, are made and delivered this day of _____, 20__.

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____

Name: _____

Title: _____

EXHIBIT D

TERMS FOR ISSUANCE OF SUBORDINATE LIEN M2 INDEBTEDNESS ("SLO")

(Note: unless otherwise specified, defined terms shall have the same meaning as defined in the Master Trust Indenture ("MTI") dated December 1, 2010)

PLEDGED REVENUES	Sales Tax Revenues as defined in the MTI
PAYMENT/LIEN PRIORITY	Gross pledge of Sales Tax Revenues received from the senior lien bonds trustee after payment of debt service and fill up of reserves, if any for the senior lien bonds, and paid out of the subordinate obligations fund in the senior lien indenture
ADDITIONAL BONDS TEST	<p>SLOs shall be subject to the same issuance requirements as specified in Section 3.02 of the MTI, with the following exceptions:</p> <ul style="list-style-type: none">• The SLOs shall be issued pursuant to a subordinate lien supplemental indenture; and• Payment dates for payment of principal and interest will be April 15 and October 15
DEBT SERVICE RESERVE FUND	OCLTA may fund a debt service reserve fund, at its discretion, on a Series specific basis. Any debt service reserve fund established for a specific series of SLOs shall only be available and for the benefit of the specified SLO series. OCLTA does not intend on funding a debt service reserve fund if OCTA exercises its right to draw on the SBPA and OCLTA proceeds with an issuance of SLOs.
COVENANT NOT TO ISSUE	So long as the OCTA Series 2021 BANs remain outstanding, OCLTA covenants not issue any additional SLOs, other than SLOs required to fund its purchase commitment under the SBPA.

\$[Par Amount]
Orange County Transportation Authority Bond Anticipation Notes
(I-405 Improvement Project), Series 2021

NOTE PURCHASE AGREEMENT

[Date of Note Purchase Agreement]

Orange County Transportation Authority
550 South Main Street
Orange, California 92863-1584

Ladies and Gentlemen:

BofA Securities, Inc. on behalf of itself and as representative (the "Representative") of each of the other underwriters identified on Schedule I attached hereto (collectively, with the Representative, the "Underwriters") hereby offers to enter into this Note Purchase Agreement (this "Purchase Agreement") with the Orange County Transportation Authority, which is duly established and existing under Section 130052 of the Public Utilities Code of the State of California (the "Issuer"), whereby the Underwriters will purchase and the Issuer will sell the Notes (as defined and described below). The Underwriters are making this offer subject to the acceptance by the Issuer at or before 5:00 P.M., Pacific Time, on the date hereof. If the Issuer accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriters. The Underwriters may withdraw this Purchase Agreement upon written notice delivered by the Representative to the Chief Executive Officer of the Issuer at any time before the Issuer accepts this Purchase Agreement. Terms used but not defined in this Purchase Agreement are defined in the Indenture (as defined below).

1. PURCHASE AND SALE.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (the "Notes"), at the purchase price of \$_____, representing the aggregate principal amount of the Notes less an Underwriter's discount of \$_____ [plus net original issue premium of \$_____/less net original discount of \$_____]. The Underwriters intend to make an initial bona fide public offering of the Notes at a price or prices described in Schedule II hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Notes (but in all cases subject to the requirements of Section 5 hereof), and may offer and sell the Notes to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one

or more of the Underwriters at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to the requirements of Section 5 hereof).

The Issuer acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Issuer and the Underwriters and the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are acting solely as principal and are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. DESCRIPTION, PURPOSE OF, AND SECURITY FOR THE NOTES.

The Notes have been authorized pursuant to Section 130240 of the Public Utilities Code of the State of California (herein referred to as the "Act") and a resolution, adopted by the Board of Directors of the Issuer on September ___, 2021 (the "Authorizing Resolution"). The Notes shall be dated their date of delivery. The Notes shall be issued and secured under and pursuant to the Master Indenture, dated as of September 1, 2021, as supplemented and amended by the First Supplemental Indenture, dated as of September 1, 2021, the "Indenture"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee").

The proceeds of the sale of the Notes will be used to refinance and finance improvements to sixteen (16) miles of Interstate 405 ("I-405") between the California State Route 73 freeway ("SR-73") in Costa Mesa, California and Interstate 605 ("I-605") near the Los Angeles. County line. Proceeds will also be applied to pay certain costs of issuance associated with the Notes.

The Notes will be secured under the provisions of the Indenture by a pledge of the (i) Collateral (as such term is defined in the Indenture), (ii) the funds and accounts established under the Indenture (other than the Rebate Fund, any Letter of Credit Fund or any Purchase Fund established pursuant to the Indenture) and all investments, money, instruments and other property credited thereto or on deposited therein) and (iii) all proceeds thereof, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and provisions set forth in the Indenture, and certain other assets identified in the Indenture (the Collateral and such other assets hereinafter referred to as the "Pledged Assets"). The Notes shall mature in the year, bear interest at the rate and be purchased at the price, all as set forth in Schedule II attached hereto. Authorized denominations, record dates, interest payment dates and other details and particulars of the Notes shall be as described in the Indenture and the Official Statement (as defined below) of the Issuer.

In order to provide for a source of payment for the Notes at maturity, the Issuer will enter into a Standby Bond Purchase Agreement, dated the Closing Date (the "Standby Bond Purchase Agreement"), with the Orange County Local Transportation Authority, which is a local transportation authority organized and existing under the Local Transportation and Improvement Act, Division 19 of the Public Utilities Code of the State of California (herein referred to as the "Local Transportation Authority Act"). The Local Transportation Authority is an affiliate of the Issuer and will enter into the Standby Bond Purchase Agreement pursuant to a resolution, adopted by the Board of Directors of the Local Transportation Authority Issuer on September ____, 2021 (the "Local Transportation Authority Authorizing Resolution").

3. DELIVERY OF THE OFFICIAL STATEMENT AND OTHER DOCUMENTS.

(a) The Issuer has approved and delivered or caused to be delivered to the Underwriters copies of the Preliminary Official Statement dated [Date of the POS], which, including the cover page and all appendices thereto, is herein referred to as the "Preliminary Official Statement." It is acknowledged by the Issuer that the Underwriters may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the hereinafter defined Closing, the Issuer shall deliver to the Underwriters: (i) a final Official Statement relating to the Notes dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Issuer, Bond Counsel (as defined below), and the Representative, is referred to herein as the "Official Statement"); and (ii) such additional conformed copies thereof as the Representative may reasonably request in sufficient quantities to comply with Rule 15c2-12 (as defined below), rules of the Municipal Securities Rulemaking Board (the "MSRB") and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The Official Statement shall be executed by and on behalf of the Issuer by an authorized representative of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The Issuer hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission ("SEC") including in a word-searchable pdf format including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriters before the date hereof of the Preliminary Official Statement

and hereby authorizes and consents to the use by the Underwriters of the Official Statement and the Indenture in connection with the public offering and sale of the Notes.

(c) In order to assist the Underwriters in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Certificate, dated the Closing Date (the "Disclosure Certificate"), executed by the Issuer, to provide annual financial information and notices of the occurrence of specified events. A form of the Disclosure Certificate is attached as an appendix to the Preliminary Official Statement and the Official Statement.

4. ESTABLISHMENT OF ISSUE PRICE.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Notes and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, substantially in the form attached hereto as Exhibit A, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes. All actions to be taken by the Issuer under this section in connection with establishing the issue price of the Notes may be taken on behalf of the Issuer by Sperry Capital Inc., the Issuer's municipal advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor, Sperry Capital, Inc.

(b) [Except for the maturities set forth in Schedule II attached hereto,] the Issuer represents that it will treat the first price at which 10% of each maturity of the Notes (the "10% Test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). [If, as of the date hereof, the 10% Test has not been satisfied as to any maturity of the Notes for which the Issuer has elected to utilize the 10% Test, the Representative agrees to promptly report to the Issuer the prices at which Notes of that maturity or maturities have been sold by the Underwriters to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% Test has been satisfied as to the Notes of that maturity or maturities or the Closing Date.]

[(c) The Representative confirms that the Underwriters have offered the Notes to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule II attached hereto, except as otherwise set forth therein. Schedule II also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Notes for which the 10% Test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agrees that the restrictions set forth in the next sentence shall apply (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Notes, the Underwriters will neither offer nor sell unsold Notes of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.]

[(c)][(d)] The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Notes of each maturity allocated to it until either all Notes of that maturity allocated to it have been sold or it is notified by the Representative that the 10% Test has been satisfied as to the Notes of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters and any selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it until either all Notes of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter that the 10% Test has been satisfied as to the Notes of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

The Issuer acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires,

and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement to comply with its agreement regarding the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes.

[(d)][(e)] The Underwriters acknowledge that sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) "public" means any person other than an underwriter or a related party to an underwriter,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) "sale date" means the date of execution of this Purchase Agreement by all parties.

5. REPRESENTATIONS. The Issuer represents to and agrees with the Underwriters that:

(a) The Issuer is duly organized and validly existing, with full legal right, power and authority to issue, sell and deliver the Notes to the Underwriters pursuant to the Indenture, and execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Indenture, the Notes, the Standby Bond Purchase Agreement and the Disclosure Certificate (collectively, the "Legal Documents") and to perform and consummate all obligations and transactions required or contemplated by each of the Legal Documents and the Official Statement.

(b) The Authorizing Resolution approving and authorizing the execution and delivery by the Issuer of the Legal Documents and the offering, issuance and sale of the Notes upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the Board of Directors of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Indenture and the Notes conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the Notes, when duly issued and authenticated in accordance with the Indenture and delivered to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Indenture and payable from the sources therein specified.

(d) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Legal Documents. Each of the Legal Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Each of the Legal Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State of California or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Authorizing Resolution, the issuance, delivery and sale of the Notes and the execution and delivery of the Legal Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment

or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except as described in or contemplated by the Legal Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, Note, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Authorizing Resolution and the Legal Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Legal Documents have been obtained; provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Notes for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any authorized representative of the Issuer and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made.

(h) Between the date hereof and the time of the Closing, the Issuer shall not, without the prior written consent of the Representative, offer or issue in any material amount any Notes, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) The financial statements of the Issuer for the fiscal year of the Issuer ended June 30, 2020, which are included as Appendix B-1 and the financial statements of the Issuer for the fiscal year of the Issuer ended June 30, 2019 which are included as Appendix B-2 to the Preliminary Official Statement and which will be included as Appendix B-1 and Appendix B-2 to the Official Statement fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since the date of the financial statements attached as Appendix B-1 to the Preliminary Official Statement for the fiscal year ended June 30, 2020 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement (excluding therefrom the information under the caption "Underwriting" and in Appendix G - "Book-Entry Only System," as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement

of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom the information under the caption "Underwriting" and in Appendix G - "Book-Entry Only System," as to which no representations or warranties are made) up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including that date that is 25 days from the "end of the underwriting period" (as defined in Rule 15c2-12), the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date hereof and the end of the underwriting period, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment or supplement to the Official Statement in form and substance satisfactory to the Representative.

(n) Except as described in the Preliminary Official Statement and Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer or against any other party of which the Issuer has notice or, to the knowledge of the Issuer, threatened against the Issuer: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Notes, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Notes, (ii) in any way contesting or affecting any authority for the issuance of the Notes or the validity or binding effect of any of the Legal Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Notes, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Legal Documents. The Issuer shall advise the Representative promptly of the institution of any proceedings known to it by any governmental

agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Notes.

(o) During the last five years, the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) The Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

All representations, warranties and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Notes.

6. CLOSING.

At ____ a.m. Pacific Time, on [Date of Closing] or at such other time or date as the Representative and the Issuer may mutually agree upon as the date and time of the closing (the "Closing"), the Issuer will deliver or cause to be delivered to the Underwriters, at the offices of Nossaman LLP ("Bond Counsel"), or at such other place as the Representative and the Issuer may mutually agree upon, the Notes, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 8. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriters shall accept the delivery of the Notes, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Notes to the Underwriters through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Representative at the Closing and the Issuer shall deliver the other documents hereinafter mentioned. The Notes shall be made available to the Underwriters at least one (1) business day before the date of Closing (the "Closing Date") for purposes of inspection.

7. CONDITIONS PRECEDENT.

The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(b) At the time of the Closing, the Official Statement, the Authorizing Resolution and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative.

(c) The Issuer shall perform or have performed all of its obligations required under or specified in the Authorizing Resolution, the Legal Documents and the Official Statement to be performed at or prior to the Closing.

(d) The Issuer shall have delivered to the Underwriters final Official Statements by the time, and in the numbers, required by Section 4 of this Purchase Agreement.

(e) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Legal Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Local Transportation Authority Act, the Local Transportation Authority Authorizing Resolution, Legal Documents or the Collateral or the other Pledged Assets as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Notes.

(g) At or prior to the Closing, the Representative shall receive the following documents (in each case with only such changes as the Representative shall approve):

- i. The approving opinion(s) of Bond Counsel relating to the Notes, dated the Closing Date, substantially in the form attached as Appendix E to the Official Statement, and, if not otherwise directly addressed to the Underwriters, a reliance letter with respect thereto addressed to the Underwriters;
- ii. The supplemental opinion of Bond Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that:
 1. This Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

2. The statements contained in the Preliminary Official Statement and the Official Statement on the cover page and in the sections entitled "Introduction," "Description of the Series 2021 Notes," (other than the information concerning DTC and the book-entry system) "Security and Sources of Payment for the Notes," "Tax Matters," Appendix C-Summary of Principal Documents," and Appendix E-Proposed Form of Opinion of Bond Counsel," insofar as such statements expressly summarize certain provisions of the Indenture, the Notes, and the form and content of such counsel's opinion attached as Appendix E to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and
 3. The Notes are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");
- iii. The opinion of the Woodruff, Spradlin & Smart, Counsel to the Issuer, dated the Closing Date and addressed to the Underwriters, the Local Transportation Authority and the Trustee, to the effect that:
1. The Issuer has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Authorizing Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents; (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement; (c) to issue, sell, execute and deliver the Notes; (d) to pledge the Collateral and the other Pledged Assets as contemplated by the Legal Documents; and (e) to carry on its activities as currently conducted;
 2. The Issuer has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (a) above, and the Issuer has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents;
 3. The Authorizing Resolution was duly adopted by the Board of Directors of the Issuer at a meeting of the Board of Directors of the Issuer which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Authorizing Resolution;

4. The adoption of the Authorizing Resolution, the execution and delivery by the Issuer of the Legal Documents and the compliance with the provisions of the Legal Documents, do not and will not conflict with or violate in any material respect any State of California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Issuer a material breach of or default under any agreement or instrument to which the Issuer is a party or by which it is bound;
5. The Legal Documents constitute legal, valid and binding obligations of the Issuer and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;
6. No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against the Issuer in any court in any way affecting the titles of the officials of the Issuer to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Notes, or the pledge to the Trustee of the Collateral and the other Pledged Assets, or in any way contesting or affecting the validity or enforceability of the Authorizing Resolution or the Legal Documents, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Issuer or its authority with respect to the Authorizing Resolution or the Legal Documents;
7. The information contained in the Preliminary Official Statement, as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date under the captions "The Authority" and "Absence of Material Litigation" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
8. Without having undertaken to determine independently the accuracy, completeness or fairness of the information or statements contained in the Preliminary Official Statement and in the Official Statement, to my knowledge, (a) the information contained in the Preliminary Official Statement as of its date and as of the date of the Purchase Agreement (excluding therefrom information under the

captions "Underwriting" "Tax Matters" and Appendices C, E and G, as to which no opinion is expressed) did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading, and (b) the information contained in the Official Statement as of its date and at all times subsequent thereto during the period up to and including the Closing Date (excluding therefrom information under the captions "Underwriting" "Tax Matters" and Appendices C, E and G, as to which no opinion is expressed) did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement;

9. To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State of California or any local agency of the State of California, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Issuer of the Legal Documents and the authorization and distribution of the Preliminary Official Statement and the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Notes by the Underwriters); and
10. To the best of such counsel's knowledge after due inquiry, the Issuer is not in breach of or default under any applicable law or administrative regulation of the State of California or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents;

iv. The opinion of the Woodruff, Spradlin & Smart, Counsel to the Local Transportation Authority, dated the Closing Date and addressed to the Underwriters and the Authority, to the effect that:

1. The Local Transportation Authority has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder to adopt the Local Transportation Authority Authorizing Resolution and to enter into, execute, deliver and perform its covenants and agreements under the Standby Bond Purchase Agreement;
2. The Local Transportation Authority has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the Standby Bond Purchase Agreement and has duly authorized the execution and delivery of, and the due performance of its obligations under, the Standby Bond Purchase Agreement;
3. The Local Transportation Authorizing Resolution was duly adopted by the Board of Directors of the Local Transportation Authority at a meeting of the Board of Directors of the Local Transportation Authority which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Local Transportation Authorizing Resolution;
4. The adoption of the Local Transportation Authority Authorizing Resolution, the execution and delivery by the Local Transportation Authority of the Standby Bond Purchase Agreement and the compliance with the provisions of the Standby Bond Purchase Agreement, do not and will not conflict with or violate in any material respect any State of California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Local Transportation Authority a material breach of or default under any agreement or instrument to which the Issuer is a party or by which it is bound;
5. The Standby Bond Purchase Agreement constitutes a legal, valid and binding obligation of the Local Transportation Authority and is enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought,

by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

6. No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against the Local Transportation Authority in any court in any way affecting the titles of the officials of the Local Transportation Authority to their respective positions, or in any way contesting or affecting the validity or enforceability of the Local Transportation Authorizing Resolution or the Standby Bond Purchase Agreement, or contesting the powers of the Local Transportation Authority or its authority with respect to the Local Transportation Authority Authorizing Resolution or the Standby Bond Purchase Agreement;
7. The information contained in the Preliminary Official Statement, as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date under the captions "The Local Transportation Authority" and "Absence of Material Litigation" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
8. To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State of California or any local agency of the State of California, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Local Transportation Authority of the Standby Bond Purchase Agreement; and
9. To the best of such counsel's knowledge after due inquiry, the Local Transportation Authority is not in breach of or default under any applicable law or administrative regulation of the State of California or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Local Transportation Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Local Transportation Authority's ability to enter into or perform its obligations under the Standby Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Local Transportation Authority's ability to enter

into or perform its obligations under the Standby Bond Purchase Agreement;

v. The opinion of Dorsey & Whitney LLP, counsel to the Trustee, dated the Closing Date and addressed to the Underwriters, to the effect that:

1. The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Indenture to which it is a party and to enter into such Indenture;
2. The Indenture has been duly authorized, executed and delivered by the Trustee and constitutes the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;
3. The execution, delivery and performance of the Indenture will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;
4. All authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under Indenture to which it is a party have been obtained; and
5. No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Notes or the application of proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the Notes or the Indenture;

vi. The opinion of Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters, dated the Closing Date and addressed to the Underwriters, and covering such matters as the Representative may reasonably request;

vii. A certificate, dated the Closing Date, signed by the Chief Executive Officer or other authorized representative of the Issuer to the effect that: (a) the representations and agreements of the Issuer contained herein are true and correct

in all material respects as of the Closing Date; (b) the Legal Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to his knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Notes, (ii) in any way contesting or affecting any authority for the issuance of the Notes or the validity of the Notes, the Authorizing Resolution or any Legal Document, (iii) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Notes, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or any Legal Document; and (d) the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of information in the Official Statement under the caption "Underwriting" or of the information set forth in Appendix G – Book Entry Only System."

viii. A certificate, dated the Closing Date, signed by the Chief Executive Officer or other authorized representative of the Issuer, in form and substance satisfactory to the Representative and counsel to the Underwriters, to the effect that (i) the financial statements of the Issuer as of June 30, 2020 and as of June 30, 2019 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth and (ii) except as disclosed in the Preliminary Official Statement and the Official Statement, since June 30, 2020, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since June 30, 2020, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

ix. Executed or certified copies of the Indenture;

x. Executed or certified copies of each of the other Legal Documents;

xi. A certificate, dated the Closing Date, signed by the Chief Executive Officer or other authorized representative of the Local Transportation Authority, in form and substance satisfactory to the Representative and counsel to the Underwriters to the effect that the information relating to Local Transportation Authority set forth in the Official Statement under the caption "The Standby Bond

Purchase Provider" was and is true and correct in all material respects as of the date of the Official Statement and as of the Closing Date;

xii. A Tax Certificate of the Issuer, in form satisfactory to Bond Counsel, executed by such officials of the Issuer as shall be satisfactory to the Representative;

xiii. A certified copy of the Authorizing Resolution;

xiv. A certified copy of the Local Transportation Authorizing Resolution;

xv. Evidence satisfactory to the Representatives that Moody's Investors Service and S&P Global Ratings have assigned ratings of ____ and ____ respectively, to the Notes and that such ratings have not been revoked or downgraded.

xvi. A certificate of an authorized representative of U.S. Bank National Association, as trustee, dated as of the Closing Date, to the effect that: (a) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Notes to the Underwriters; (b) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Notes to the Underwriters pursuant to the Indenture; (c) when delivered to and paid for by the Underwriters at the Closing, the Notes will have been duly authenticated and delivered by the Trustee; (d) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, Note, note, resolution, agreement or other instrument, except as provided by the Indenture; and (e) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Notes or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the

powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Notes to or upon the order of the Underwriters;

xvii. A certificate, dated the Closing Date, of an authorized representative of Sperry Capital Inc., municipal advisor to the Authority, to the effect that no information came to such authorized representative's attention which gives such authorized representative reason to believe that any of the information set forth in Appendix A - Economic and Demographic Data pertaining to the County of Orange" in the Preliminary Official Statement and in the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made not misleading;

xviii. Evidence that a Form 8038-G relating to the Notes has been executed by the Issuer and will be filed with the Internal Revenue Service within the applicable time limit:

xix. A copy of the Blue Sky Survey with respect to the Notes;

xx. A copy of the DTC Blanket Letter of Representation executed by the Issuer and DTC;

xxi. California Debt and Investment Advisory Commission filings; and

xxii. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, counsel for the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Issuer and the Local Transportation Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Notes pursuant to the Indenture shall have been fulfilled.

8. TERMINATION.

If the Issuer shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Representative to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriters may be waived by the Representative.

(a) The Underwriters shall also have the right, before the time of Closing, to cancel their obligations to purchase the Notes, by written notice by the Representative to the Issuer, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Notes or the market prices of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(1) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Notes which, in the judgment of the Representative, may have the purpose or effect, directly or indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Notes) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or State of California authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Notes, other securities of the Issuer or obligations of the general character of the Notes are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Local Transportation Authority Act, the Local Transportation Authority Authorizing Resolution, the Legal Documents or the Collateral or the other Pledged Assets as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Notes; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Notes, or the issuance, offering or sale of the Notes, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Notes, or the

execution and delivery of any Legal Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Issuer, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur.

(viii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Notes, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Authorizing Resolution, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents; or

(ix) A reduction or withdrawal in ratings assigned to the Notes by Moody's Investors Service and S&P Global Ratings, or, as of the Closing Date, the failure by either Moody's Investors Service and S&P Global Ratings to assign the ratings specified in Section 7(g)xv hereof to the Notes.

9. INDEMNIFICATION.

(a) The Issuer shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective directors, officers, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Underwriter Indemnitee"), against any and all losses, claims, damages or liabilities, joint or several, (a) to which any such Underwriter Indemnitee may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or any amendment or supplement to either, or arise out of or are based upon the omission to state therein a material fact which is necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading, except such indemnification shall not extend to statements in the Preliminary Official Statement or the Official Statement under the caption "Underwriting," and (b) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Issuer (which consent shall not be unreasonably withheld); and will reimburse any legal or other expenses reasonably incurred by any such Underwriter Indemnitee in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement shall not be construed as a limitation on any other liability which the Issuer may otherwise have to any Underwriter Indemnitee.

(b) The Underwriters shall indemnify and hold harmless, to the extent permitted by law, the Issuer and its directors, officers, members, employees and agents and each person who

controls the Issuer within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Issuer Indemnitees"), against any and all losses, claims, damages or liabilities, joint or several, to which such Issuer Indemnitee may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Issuer Indemnitee for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereof, under the caption "Underwriting." This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Issuer Indemnitee. The liability of any Underwriter obligations under this Section 10 shall not exceed the amount of its pro rata compensation under this Purchase Agreement.

(c) For purposes of subsection (a) or (b) above, an "Indemnified Party" means an Underwriter Indemnitee or an Issuer Indemnitee as the context dictates and an "Indemnifying Party" means the Issuer or an Underwriter who is under the obligation to indemnify an Indemnified Party under this Section 10. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to manage the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and the reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an Indemnified Party under subsection (a) or (b) above, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Underwriters on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which is the subject to this subsection (d). Notwithstanding the provisions of this subsection (d), each Underwriter shall not have any obligation under this subsection (d) to contribute an amount in excess of the amount of its pro rata compensation under this Purchase Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

10. AMENDMENTS TO OFFICIAL STATEMENT.

During the period commencing on the Closing Date and ending twenty-five (25) days from the end of the underwriting period, the Issuer shall advise the Representative if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or "potential customer" (as defined for purposes of Rule 15c2-12). If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including that date that is 25 days from the end of the "underwriting period" (as defined in Rule 15c2-12), the Official Statement as supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and shall amend or supplement the Official Statement (in form and substance satisfactory to counsel for the Underwriters) so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in

order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

11. EXPENSES.

All expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Notes to the Underwriters, including the costs of printing or reproduction of the Notes, the Legal Documents and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees and expenses of the Trustee and its counsel and fees and expenses of counsel to the Issuer and Bond Counsel, shall be paid by the Issuer from the proceeds of the Notes or other revenues of the Issuer. The Issuer shall be solely responsible for and shall pay for any expenses incurred by the Underwriters on behalf of the Issuer's employees and representatives which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All other expenses and costs of the Underwriters incurred under or pursuant to this Purchase Agreement, including, without limitation, the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriters, shall be paid by the Underwriters (which may be included as an expense component of the Underwriter's discount).

12. USE OF DOCUMENTS.

The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Notes, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

13. QUALIFICATION OF SECURITIES.

The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; *provided, however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. NOTICES.

Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to the Chief Executive Officer, Orange County Transportation Authority, 550 South Main Street, Orange, California 92863-1584, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to BofA Securities, Inc., 333 South Hope Street, Suite 3820, Los Angeles, California 90071, Attention: Kevin O'Brien, Managing Director.

15. BENEFIT.

This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriters; (ii) delivery of and payment for the Notes hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 9 (and in all events the agreements of the Issuer pursuant to Sections 10 and 12 hereof shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under Section 9 hereof).

16. GOVERNING LAW. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW RULES (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS SECTION 5-1401 AND 5-1402); PROVIDED, HOWEVER, THAT THE OBLIGATION OF THE ISSUER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

17. WAIVER OF JURY TRIAL. THE ISSUER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

18. MISCELLANEOUS.

(a) This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

(b) This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

Very truly yours,

By:

BOFA SECURITIES, INC.,
as Representative

By: _____
Managing Director

Approved and Agreed to: _____, 2021

ORANGE COUNTY TRANSPORTATION
AUTHORITY

By: _____
Chief Executive Officer

Approved as to Form:

WOODRUFF, SPRADLIN & SMART,
General Counsel to the Orange County
Local Transportation Authority

By: _____

[Signature Page for Note Purchase Agreement]

SCHEDULE I

List of Underwriters

BofA Securities, Inc.
Barclays Capital, Inc.
Citigroup Global Markets, Inc.
Wells Fargo Securities

SCHEDULE II

Principal Amount, Interest Rate and Price

EXHIBIT A

CONSOLIDATED FORM

[\$[Principal Amount]]
Orange County Transportation Authority
Bond Anticipation Notes (I-405 Improvement Project), Series 2021

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of BofA Securities, Inc. (the "Representative"), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

[Select appropriate provisions below]

1. [Alternative 1¹ – All Maturities Use General Rule: *Sale of the Notes*. As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.][Alternative 2² – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.]

2. ***Initial Offering Price of the [Notes] [Hold-the-Offering-Price Maturities]***.

a) [Alternative 1³ – All Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Notes to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.] [Alternative 2⁴ – Select Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.]

b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Note Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each

¹ If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

² If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

³ If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

⁴ Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

Maturity of the Notes, they would neither offer nor sell any of the unsold Notes of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. No member of the Underwriting Group has offered or sold any Maturity of the unsold Notes at a price that is higher than the respective Initial Offering Price for that Maturity of the Notes during the Holding Period.]

[Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Note Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the unsold Notes of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. No member of the Underwriting Group has] offered or sold any unsold Notes of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Notes during the Holding Period.

3. *Defined Terms.*

[(a) *General Rule Maturities* means those Maturities of the Notes listed in Schedule A hereto as the "General Rule Maturities."]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Notes listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the Orange County Local Transportation Authority, a public agency created in 1991 to serve as an umbrella agency responsible for transportation matters in the County of Orange, California .

(e) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is [Sale Date].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Nossaman LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G and other federal income tax advice it may give to the Issuer from time to time relating to the Notes. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

BOFA SECURITIES, INC., Representative

By: _____

Name: _____

Dated: [Issue Date]

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE
MATURITIES**

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2021

New Issue - Book-Entry Only**Ratings:** See "Ratings" herein.

In the opinion of Nossaman LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2021 Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2021 Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021 Notes. See "Tax Matters" herein.

§ _____*

**Orange County Transportation Authority
(Orange County, California)**

Bond Anticipation Notes (I-405 Improvement Project), Series 2021**Dated: Date of Delivery****Due: October 15, 2024**

The Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (the "Series 2021 Notes") will be issued to refinance or finance the costs of certain improvements to Interstate 405, to provide for payment of interest on the Series 2021 Notes to their date of maturity and to pay costs of issuance of the Series 2021 Notes.

The Series 2021 Notes will be issued in book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Series 2021 Notes will not receive instruments representing their interests in the Series 2021 Notes purchased. Individual purchases of Series 2021 Notes will be made in principal amounts of \$5,000 or integral multiples thereof.

Interest on the Series 2021 Notes is payable semiannually on April 15 and October 15, commencing April 15, 2022. Principal of and interest due with respect to the Series 2021 Notes will be paid by U.S. Bank National Association, as trustee (the "Trustee"), to DTC. DTC will remit such principal and interest to its participants, which will in turn remit such principal and interest to the beneficial owners of the Series 2021 Notes. See Appendix H - "Book-Entry Only System."

The Series 2021 Notes are not subject to redemption prior to maturity.

The Series 2021 Notes are limited obligations of the Orange County Transportation Authority (the "Authority") secured by the provisions of the Master Indenture, dated as of September 1, 2021 (the "Master Indenture"), as supplemented and amended from time to time pursuant to its terms, including as supplemented by the First Supplemental Indenture, dated as of September 1, 2021 (the "First Supplemental Indenture," and, together with the Master Indenture, the "Indenture"), between the Authority and the Trustee.

The Series 2021 Notes are payable from and secured by a pledge of certain assets and revenues of the Authority (herein referred to as the "Collateral"). The Collateral is comprised of: (a) proceeds from draws under a loan agreement entered into with the United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau; (b) any legally available funds of the Authority excluding (i) amounts received from LTF Revenues (as such term is defined in the Indenture), (ii) federal grant funds, (iii) any revenues and assets with respect to the California State Route 91 Express Lanes and (iv) any revenues received from operation of the freeway callbox system in Orange County and from the freeway service patrol; (c) all amounts held by the Trustee in the funds and accounts established under the Indenture, including investment earnings thereon, excluding amounts deposited to the Rebate Fund (as such term is defined in the Indenture); and (d) proceeds from the sale of bonds, notes or other evidence of indebtedness issued by the Authority and subject to purchase by the Orange County Local Transportation Authority (the "Local Transportation Authority") pursuant to the Standby Bond Purchase Agreement entered into between the Authority and the Local Transportation Authority. See "Security and Source of Payment for the Series 2021 Notes" herein.

Neither the faith and credit nor the taxing power of the County of Orange, the State of California or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge described herein, is pledged to the payment of principal of or interest on the Series 2021 Notes.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2021 Notes are offered when, as and if issued by the Authority and received by the Underwriters subject to the approval of validity by Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the Authority by Bond Counsel and Woodruff, Spradlin & Smart, Costa Mesa, California, general counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters. It is anticipated that the Series 2021 Notes will be available for delivery in book-entry form through DTC on or about September __, 2021.

* Preliminary, subject to change.

BofA Securities

Citigroup

Barclays

Wells Fargo Securities

The date of this Official Statement is _____.

MATURITY SCHEDULE

\$ _____^{*}
Orange County Transportation Authority
(Orange County, California)
Bond Anticipation Notes (I-405 Improvement Project),
Series 2021

<u>Maturity Date*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP†</u>
October 15, 2024				

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are provided solely for convenience and reference. Neither the Authority nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers provided herein..

**ORANGE COUNTY TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

Andrew Do, Chairman (Board of Supervisors, Orange County)
Mark A. Murphy, Vice Chairman (Mayor, City of Orange)
Lisa A. Bartlett (Board of Supervisors, Orange County)
Doug Chaffee (Board of Supervisors, Orange County)
Barbara Delgleize (Mayor Pro Tem, City of Huntington Beach)
Katrina Foley (Board of Supervisors, Orange County)
Brian Goodell (City Council, City of Mission Viejo)
Patrick Harper (Mayor Pro Tem, Fountain Valley)
Michael Hennessey (Public Member)
Gene Hernandez (City Council, City of Yorba Linda)
Steve Jones (Mayor, City of Garden Grove)
Joseph Muller (Mayor Pro Tem, City of Dana Point)
Tam Nguyen (Public Member)
Vicente Sarmiento (Mayor, City of Santa Ana)
Tim Shaw (City Council, City of La Habra)
Harry S. Sidhu (Mayor, City of Anaheim)
Donald P. Wagner (Board of Supervisors, Orange County)
Ryan Chamberlain (Governor's Ex-Officio Member)

STAFF

Chief Executive Officer

Darrell E. Johnson

Deputy Chief Executive Officer and Chief Operating Officer

Jennifer L. Bergener

Chief Financial Officer

Andrew Oftelie

Director, Finance and Administration

Sean Murdock

Treasury and Public Finance Manager

Robert Davis

SPECIAL SERVICES

General Counsel

Woodruff, Spradlin & Smart
Costa Mesa, California

Municipal Advisor

Sperry Capital Inc.
Sausalito, California

Bond Counsel

Nossaman LLP
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Orange County Transportation Authority (the "Authority") or the Underwriters identified on the cover page of this Official Statement to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2021 Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change since the date hereof in the affairs of the Authority or in any other matters which are material to the full and punctual payment of the Series 2021 Notes. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

In addition, this Official Statement contains forecasts, projections and estimates that are based on current expectations and/or assumptions. When included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements which speak only as of the date of this Official Statement. Any such statements inherently are subject to a variety of risks and uncertainties which could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in economic conditions, federal, state and local statutory and regulatory initiatives, litigation, seismic events, and various other events, conditions and circumstances, many of which are beyond the control of the Authority. The inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the Authority that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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.

This Official Statement is submitted in connection with the sale of the Series 2021 Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2021 Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

In connection with the offering of the Series 2021 Notes, the Underwriters may effect transactions which stabilize or maintain the market price of the Series 2021 Notes offered hereby at a level 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 Series 2021 Notes to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside front cover page of this Official Statement, and said public offering prices may be changed from time to time by the Underwriters.

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OFFICIAL STATEMENT

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**Orange County Transportation Authority
(Orange County, California)
Bond Anticipation Notes (I-405 Improvement Project),
Series 2021**

INTRODUCTION

General

This Official Statement, including the cover page and all appendices hereto (the "Official Statement") sets forth certain information in connection with the offering of Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (the "Series 2021 Notes"). This introduction is not a summary of the Official Statement. It is only a brief description of and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. The offering of the Series 2021 Notes to potential investors is made only by means of the entire Official Statement and, therefore, potential investors should carefully review the entire Official Statement.

The Series 2021 Notes will be issued by the Orange County Transportation Authority (the "Authority") pursuant to a Master Indenture, as supplemented by a First Supplemental Indenture thereto, each dated as of September 1, 2021 (hereinafter collectively referred to as the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). All capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in Appendix D - "Summary of Principal Documents" or in the Indenture.

The Authority

The Authority is an umbrella agency responsible for transportation matters within the County of Orange, California (the "County" or "Orange County"). The Authority was created pursuant to California State Senate Bill 838 (the "Consolidation Legislation") enacted by the California State Legislature in the fall of 1990. The Consolidation Legislation required the functional consolidation of the transportation agencies within Orange County. Included in this consolidation were the Orange County Local Transportation Authority (the "Local Transportation Authority"), the Orange County Transportation Commission, the Orange County Transit District, the Orange County Congestion Management Agency, the Orange County Service Authority for Freeway Emergencies and the Orange County Consolidated Transportation Service Agency. On June 20, 1991, the consolidated umbrella agency, known as the Orange County Transportation Authority or OCTA, assumed the combined duties of the transportation entities noted above. The purpose of this consolidation was to create a single Board of Directors accountable for transportation decision-making in the County. See "The Authority."

* Preliminary, subject to change.

Authorization for Issuance

The Series 2021 Notes are being issued pursuant to authority granted under Division 12 of the Public Utilities Code of the State of California (Section 130000 et seq.) (the "Act"), Section 149.7 of the Streets and Highways Code of the State of California, a resolution adopted by the Board of Directors of the Authority on September 13, 2021 (the "Resolution"), and the Indenture.

Interstate 405 Improvement Project

The Interstate 405 Improvement Project (the "I-405 Project" or the "Project") will improve 16 miles of Interstate 405 ("I-405") between California State Route 73 ("SR-73") in Costa Mesa and Interstate 605 ("I-605") near the Los Angeles County line. The I-405 Project will add one general purpose lane in each direction from Euclid Street to I-605 and will add an additional lane in each direction that will combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes. The I-405 Project will also replace 18 bridges that cross over the I-405 freeway and make improvements to the freeway entrances and exits.

Purpose and Application of Proceeds of Series 2021 Notes

Proceeds of the Series 2021 Notes will be applied to provide funding for the I-405 Project and to repay a bridge loan (the "Bridge Loan"), which the Authority secured from Bank of America, N.A. to prepay a loan made to the Authority by the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the "TIFIA Lender") under the Transportation Infrastructure Finance and Innovation Act (the "2017 TIFIA Loan") pursuant to a TIFIA Loan Agreement, dated July 26, 2017 (the "2017 TIFIA Loan Agreement"), between the TIFIA Lender and the Authority, to fund the I-405 Project.

To achieve debt service savings, on [Date of 2017 TIFIA Loan Prepayment], the Authority prepaid all outstanding amounts under the 2017 TIFIA Loan, canceled all commitments under the 2017 TIFIA Loan and terminated the 2017 TIFIA Loan Agreement. Concurrently with such prepayment, cancellation and termination, the Authority entered into a replacement loan agreement with the TIFIA Lender (the "2021 TIFIA Loan Agreement") pursuant to which the TIFIA Lender agreed to make a loan (the "2021 TIFIA Loan") to the Authority to provide funding for the I-405 Project.

The Authority anticipates drawing on the 2021 TIFIA Loan to pay principal and interest due and payable on the Series 2021 Notes upon their maturity. Pursuant to the Indenture, the Authority is required to comply in all material respects with its obligations under the 2021 TIFIA Loan Agreement and shall only use the proceeds of the Series 2021 Notes to pay for "Eligible Project Costs" as such term is defined in the 2021 TIFIA Loan Agreement. To provide for payment of the Series 2021 Notes on their date of maturity (the "Series 2021 Maturity Date"), the Authority shall submit a request to draw under the 2021 TIFIA Loan Agreement no later than ninety (90) days prior to the date that principal and accrued interest are due and payable on the Series 2021 Notes, such draw to be in an amount equal to the difference between the amount then on deposit in the Principal Fund and Interest Fund and the principal amount of and accrued interest on the Series 2021 Notes due and payable on the Series 2021 Maturity Date. Pursuant to the Indenture, on the seventy-fifth (75th) day prior to the Series 2021 Maturity Date, the Trustee shall provide written notice to the Authority as to the amount of funds on deposit in the Principal Fund and the Interest Fund available to pay the principal of and accrued interest on the Series 2021 Notes on the Series 2021 Maturity Date. Pursuant to the Indenture, if five (5) days prior to the Series 2021 Maturity Date, amounts on deposit in the Principal Fund and the Interest Fund are insufficient to make the payments required to be made on Series 2021 Notes on the Series 2021 Maturity Date, the Trustee shall

immediately notify the Authority in writing of such deficiency and shall direct the Authority to transfer the amount of such deficiency to the Trustee on or prior to the Series 2021 Maturity Date. Pursuant to the Indenture, the Authority covenants and agrees to transfer to the Trustee from any Collateral in its possession the amount of such deficiency on or prior to Series 2021 Maturity Date.

Proceeds of the Series 2021 Notes will also be applied to provide for payment of interest on the Series 2021 Notes to their date of maturity and to pay the costs of issuance of the Series 2021 Notes. See "Introduction - Interstate 405 Improvement Project," "Plan of Finance," and "Estimated Sources and Uses of Funds."

Security and Source of Payment for the Series 2021 Notes

The Series 2021 Notes are limited obligations of the Authority payable solely from, and secured solely by, the pledged Collateral. The Collateral consists of: (a) proceeds from draws under the 2021 TIFIA Loan so long as the 2021 TIFIA Loan Agreement is in full force and effect; (b) any legally available funds of the Authority excluding (i) amounts received from LTF Revenues (as such term is defined in the Indenture), (ii) federal grant funds, (iii) any revenues and assets with respect to the California State Route 91 Express Lanes, and (iv) any revenues received from operation of the freeway callbox system in Orange County and the freeway service patrol; (c) all amounts held by the Trustee in the funds and accounts established under the Indenture, including the Revenue Fund, the Principal Fund and the Interest Fund and investment earnings thereon, excluding amounts deposited to the Rebate Fund; and (d) proceeds from the sale of bonds, notes or other evidence of indebtedness issued by the Authority pursuant to either the Indenture or another indenture or trust agreement entered into by Authority and subject to purchase by the Orange County Local Transportation Authority (the "Local Transportation Authority") pursuant to the Standby Bond Purchase Agreement, dated as of September 1, 2021 (the "Standby Bond Purchase Agreement"), between the Authority and the Local Transportation Authority.

No Reserve Fund

No Reserve Fund will be established for the Series 2021 Notes.

Issuance of Additional Notes

The Authority may issue an additional Series of Notes pursuant to the Indenture to refund the Series 2021 Notes. If issued, the proceeds of such Notes will be applied to the payment of the Series 2021 Notes upon their maturity. In addition, such Notes will constitute Authority Refunding Bonds as such term is defined in the Standby Bond Purchase Agreement, dated as of September 1, 2021 (the "Standby Bond Purchase Agreement"), between the Authority and the Local Transportation Authority and will be subject to purchase by the Local Transportation Authority pursuant to the Standby Bond Purchase Agreement. See "Security and Source of Payment for the Notes," "Standby Bond Purchase Agreement" and Appendix A - "Orange County Local Transportation Authority." No other Notes may be issued pursuant to the Indenture prior to the payment at maturity or defeasance of all Series 2021 Notes.

Subsequent to the payment at maturity or defeasance of all Series 2021 Notes, the Authority may by Supplemental Indenture, establish one or more Series of additional Notes, including Refunding Notes, payable from the Collateral and secured by the pledge of the Collateral and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Notes of any subsequent Series so established, in such principal amount as shall be determined by the Authority, subject to compliance with the specific conditions set forth in the Indenture and any additional requirements set forth in the Supplemental Indenture setting forth the terms and provisions of such additional Series of Notes.

Subordinate Obligations

Subsequent to the payment at maturity or defeasance of all Series 2021 Notes, the Authority may also issue or incur obligations secured by a pledge of the Collateral on a subordinate basis with the pledge which secures the Series 2021 Notes (such obligations being hereinafter referred to as "Subordinate Obligations"), provided that the following conditions to issuance or incurrence of such Subordinate Obligations are satisfied:

(i) such Subordinate Obligations are duly and legally authorized by the Authority for any lawful purpose;

(ii) no Event of Default shall have occurred and then be continuing (or the issuance of such Subordinate Obligations will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Authority to that effect; and

(iii) as and to the extent applicable, the Trustee is designated as paying agent or trustee for such Subordinate Obligations and the Authority delivers to the Trustee a transcript of the proceedings providing for the issuance of such Subordinate Obligations.

Limited Obligations

The Series 2021 Notes are not secured by a legal or equitable pledge of, or a charge or lien upon, any property of the Authority or any income or revenues received by Authority except the Collateral. Neither the faith and credit nor the taxing power of the County of Orange, the State of California or any political subdivision or public agency thereof, other than the Authority to the extent of the pledge of the Collateral described herein, is pledged to secure the Series 2021 Notes. The Authority has no taxing power.

References; Availability of Documents

Brief descriptions of the Series 2021 Notes, the Indenture, the security and sources of payment for the Series 2021 Notes, the Standby Bond Purchase Agreement, and certain information about the Authority and the Local Transportation Authority presented herein. Such references and descriptions do not purport to be comprehensive or definitive. All references herein to various documents are qualified in their entirety by reference to the forms thereof, all of which are available at the offices of the Authority.

PLAN OF FINANCE

Proceeds of the Series 2021 Notes will be applied to finance costs of the I-405 Project, to repay the Bridge Loan on the date of issuance of the Series 2021 Notes, the proceeds of which were applied to prepay the 2017 TIFIA Loan, to provide for payment of interest on the Series 2021 Notes to their date of maturity and to pay costs of issuance of the Series 2021 Notes. See "Estimated Sources and Uses of Funds."

PLAN OF REFINANCING FOR THE SERIES 2021 NOTES

In order to provide for the payment at maturity of the Series 2021 Notes, the Authority intends to draw upon the 2021 TIFIA Loan. Pursuant to the Indenture, the Authority covenants to comply in all material respects with its obligations under the TIFIA Loan Agreement, to use the proceeds of the TIFIA Loan to pay "Eligible Project Costs" as such term is defined in the TIFIA Loan Agreement and to submit a draw request to draw under the TIFIA Loan Agreement no later than ninety (90) days prior to the date that principal and accrued interest are due and payable with respect to the Series 2021 Notes.

If the Authority is unable for any reason to draw upon or access funds under the 2021 TIFIA Loan to provide for such payment, the Authority may issue Authority Refunding Bonds which may be issued as an additional Series of Notes pursuant to the Indenture or as bonds or other evidence of indebtedness issued pursuant to another indenture or trust agreement. The Authority will apply the proceeds of the Authority Refunding Bonds to the payment of the Series 2021 Notes upon their maturity. Pursuant to the Standby Bond Purchase Agreement, the Local Transportation Authority will commit to purchase Authority Revenues Bonds in an amount sufficient to pay all Series 2021 Notes upon their maturity. See "Security and Source of Payment for the Notes," "Standby Bond Purchase Agreement" and Appendix A - "Orange County Local Transportation Authority."

ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are presented below:

Sources:

Par Amount of Series 2021 Notes	\$ _____
Net [Original Issue Premium/Original Issue Discount]	_____
Total:	\$ _____

Uses:

Repayment of Bridge Loan	\$ _____
Deposit to 2021 Project Fund	_____
Deposit to Interest Fund ⁽¹⁾	_____
Deposit to 2021 Costs of Issuance Fund ⁽²⁾	\$ _____
Total:	\$ _____

⁽¹⁾ Interest funded on the Series 2021 Notes to their date of maturity.

⁽²⁾ Costs of Issuance include underwriters' discount, legal fees, rating agency fees and other miscellaneous expenses.

DESCRIPTION OF THE SERIES 2021 NOTES

General Terms and Provisions of the Series 2021 Notes

The Series 2021 Notes will be issued as fully registered notes, without coupons, in the denomination of \$5,000 or any integral multiple thereof. The Series 2021 Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2021 Notes. Individual purchases will be made in book-entry only form. Purchasers will not receive a certificate representing their beneficial ownership interest in the Series 2021 Notes. So long as Cede & Co. is the registered owner of the Series 2021 Notes, as nominee of DTC, references herein to Owners, Noteholders, Noteowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Series 2021 Notes. So long as Cede & Co. is the registered owner of Series 2021 Notes, all payments of principal and interest due with respect to the Series 2021 Notes will be made to Cede & Co., as nominee of DTC. See Appendix H - "Book - Entry Only System."

The Series 2021 Notes will be dated their date of delivery and will bear interest from such date. Interest with respect to the Series 2021 Notes will be computed using a year of 360 days comprised of twelve 30-day months and will be payable on April 15 and October 15 of each year, commencing April 15, 2022. The Series 2021 Notes will mature on the date and in the principal amount and bear interest at the rate, all as set forth on the inside front cover page of this Official Statement.

No Redemption

The Series 2021 Notes are not subject to redemption prior to their stated maturity date.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements for the Series 2021 Notes.

Fiscal Year Ending June 30,	Series 2021 Notes		Total Debt Service
	Principal	Interest	
2022			
2023			
2024			
TOTAL			

SECURITY AND SOURCE OF PAYMENT FOR THE NOTES

The Notes are limited obligations of the Authority and are secured as to payment of both principal and interest, exclusively from the Collateral pledged under the Indenture.

Collateral

Collateral consists of: (a) proceeds from draws under the 2021 TIFIA Loan so long as the 2021 TIFIA Loan Agreement is in full force and effect; (b) any legally available funds of the Authority excluding (i) amounts received from LTF Revenues, (ii) federal grant funds, (iii) any revenues and assets with respect to the California State Route 91 Express Lanes, and (iv) any revenues received from operation of the freeway callbox system in Orange County and from the freeway service patrol; (c) all amounts held by the Trustee in the funds and accounts established under the Indenture, including the Revenue Fund, the Principal Fund and the Interest Fund and investment earnings thereon, excluding amounts deposited to the Rebate Fund; and (d) proceeds from the sale of Authority Refunding Bonds subject to purchase by the Local Transportation Authority pursuant to the Standby Bond Purchase Agreement.

Neither the faith and credit nor the taxing power of the County of Orange, the State of California or any political subdivision or public agency thereof, other than the Authority, to the extent of the pledge described herein, is pledged to the payment of principal of or interest on the Notes.

Funds and Accounts Established Pursuant to the Indenture; Investment of Funds and Accounts

Revenue Fund. A trust fund designated as the "Revenue Fund" shall be established and maintained by the Trustee pursuant to the Indenture. The Trustee shall deposit in the Revenue Fund all Collateral transferred to the Trustee by the Authority for deposit therein, when and as received by the Trustee. Collateral received by the Trustee shall be immediately subject to the pledge made under the Indenture.

Other Funds and Accounts. In addition to the Revenue Fund, the Trustee shall establish an Interest Fund, a Principal Fund, a Subordinate Obligations Fund, a Redemption Fund and a Fees and Expenses Fund, and, if so directed in a Supplemental Indenture establishing the terms and provisions of a

Series of Notes, a Costs of Issuance Fund, a Reserve Fund, and/or a Project Fund. Upon receipt of funds to be applied to the Rebate Requirement, the Trustee shall establish a Rebate Fund.

Pursuant to the First Supplemental Indenture, a Costs of Issuance Fund for the Series 2021 Notes and a Project Fund for the Series 2021 Notes shall be established and held by the Trustee. Funds deposited in the 2021 Costs of Issuance Fund shall be applied to pay Costs of Issuance of the Series 2021 Notes. Funds deposited in the 2021 Project Fund shall be applied to pay or to reimburse the Authority for its prior payment of costs of the I-405 Project.

No Reserve Fund is being established for the Series 2021 Notes.

Investment of Funds and Accounts. Moneys held on deposit in the Funds and Accounts established under the Indenture shall be invested in Investment Securities. See Appendix D - "Summary of Principal Documents."

Pledge and Allocation of Collateral

So long as any Notes are Outstanding or any Subordinate Obligations or any other amounts payable under the Indenture remain unpaid, the Authority covenants and agrees that the Authority shall transfer to the Trustee the amount of Collateral required for the Trustee to make the transfers and deposits, if any, required to be made by the Trustee during such month to the Interest Fund, the Principal Fund, Reserve Funds, if the Authority shall have established a Reserve Fund in connection with the issuance of a Series of Notes subsequent to the payment at maturity or defeasance of the Serie 2021 Notes, and the Subordinate Obligations Fund to the extent the Authority shall have issued or incurred any Subordinate Obligations subsequent to the payment at maturity or defeasance of the Series 2021 Notes. Upon receipt of an amount of Collateral from the Authority in any month, the Trustee shall deposit the amount received in the Revenue Fund and shall set aside, the moneys in the Revenue Fund in the following respective funds, in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Collateral 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 if any of the deposits or transfers requires more than one such deposit or payment and there are not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys:

1. **Interest Fund.** On or before April 15 and October 15 of each year that Notes are Outstanding, the Trustee shall set aside in the Interest Fund an amount equal to (A) the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Current Interest Notes on the applicable Interest Payment Date (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Notes or other source and reserved as capitalized interest to pay such interest), until the requisite amount of interest on all such Outstanding Current Interest Notes is on deposit in the Interest Fund. The Trustee need not make a deposit into the Interest Fund with respect to any Notes if the amount contained therein is at least equal to the interest to become due and payable on the applicable Interest Payment Dates upon all of the Notes issued under the Indenture and then Outstanding. On April 15 and October 15 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Notes having interest payment dates other than April 15 and October 15) shall be transferred to the Authority (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Notes or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates).

2. **Principal Fund; Sinking Accounts.** On or before the principal due date with respect to the Notes, including the date when Mandatory Sinking Account Payments, if any, are due and payable, the Trustee shall set aside in the Principal Fund an amount equal to the aggregate principal amount of Note Obligation becoming due and payable on the Outstanding Notes; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in the Reserve Fund that would be in excess of the Reserve Requirement applicable to such Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid.

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

The Trustee need not make a deposit into the Principal Fund if such fund has (1) moneys sufficient to pay the Note Obligations of all Serial Notes issued under the Indenture and then Outstanding and maturing by their terms within the next 12 months, plus (2) moneys sufficient to pay the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Notes during such 12-month period; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in the Reserve Fund that would be in excess of the Reserve Requirement applicable to such Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than April 15 of each year, the Trustee shall request from the Authority a Certificate of the Authority setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On April 15 of each year or as soon as practicable thereafter, any excess amounts in the Principal Fund not needed to pay principal on such date (and not held to pay principal on Notes having principal payment dates other than April 15) shall be transferred to the Authority.

3. **Reserve Funds.** No Reserve Fund will be established for the Series 2021 Notes. If, a Reserve Fund is established in connection with any additional Series of Notes issued subsequent to the payment at maturity or defeasance of the Series 2021 Notes, upon the occurrence of any deficiency in any such Reserve Fund, pursuant to a covenant set forth in the Indenture, the Authority shall deposit with the Trustee for deposit in such Reserve Fund an amount equal to one-twelfth of the aggregate amount of such deficiency each month, which deposits shall continue until the balance in such Reserve Fund is at least equal to the applicable Reserve Requirement.

4. **Subordinate Obligations Fund.** If the Authority issues or incurs Subordinate Obligations subsequent to the payment at maturity or defeasance of the Series 2021 Notes, after the transfers to the Interest Fund, the Principal Fund and any Reserve Fund have been made pursuant to the provisions of the Indenture described above, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Authority shall specify in writing is necessary to make payments due and payable the following month with respect to Subordinate Obligations then outstanding.

5. **Fees and Expenses Fund.** After the transfers to the Interest Fund, the Principal Fund, any Reserve Fund and the Subordinate Obligations Fund have been made pursuant to the provisions of the Indenture described above, the Trustee shall deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Authority. The Authority shall provide the Trustee with invoices relating to the payment of such amounts, in writing, at the beginning of each month.

Any Collateral remaining in the Revenue Fund after the foregoing transfers required to be made pursuant to the provisions of the Indenture described above have been made, except as the Authority shall otherwise direct in writing or as is otherwise provided in a Supplemental Indenture, shall be transferred to the Authority on the same Business Day or as soon as practicable thereafter. The Authority may use and apply such Collateral when received by it from the Trustee for any lawful purpose of the Authority, including the redemption of Notes upon the terms and conditions set forth in the Supplemental Indenture relating to such Notes and the purchase of Notes as and when and at such prices as it may determine.

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

Issuance of Additional Notes, Refunding Notes and Subordinate Obligations

Issuance of Additional Notes. The Authority may issue an additional Series of Notes pursuant to the Indenture to refund the Series 2021 Notes. No other Notes may be issued pursuant to the Indenture prior to the payment at maturity or defeasance of all Series 2021 Notes.

Subsequent to the payment at maturity or the defeasance of the Series 2021 Notes, the Authority may by Supplemental Indenture establish one or more additional Series of Notes, payable from the Collateral and secured by the pledge made under the Indenture, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Notes of any Series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Indenture described below, each of which is a condition precedent to the issuance of any such additional Series of Notes, and compliance with any additional terms and provisions set forth in the Supplemental Indenture entered into by the Authority related to such Series of Notes.

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

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

(c) The aggregate principal amount of Notes issued under the Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(d) Principal payments of each additional Series of Notes shall be due on April 15 or October 15 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Note to be issued, and, if the interest on such Series of Notes is to be paid semiannually, such interest payments shall be due on April 15 and October 1 in each year to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Note to be issued.

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

Issuance of Refunding Notes. The Authority may issue an additional Series of Notes pursuant to the Indenture to refund the Series 2021 Notes. See "Plan of Refinancing for the Series 2021 Notes."

If issued, such Refunding Notes and any Refunding Notes issued subsequent to the payment at maturity or defeasance of the Series 2021 Notes, may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following: (i) the principal or Redemption Price of the Outstanding Notes to be refunded; (ii) all expenses incident to the calling, retiring or paying of such Outstanding Notes and the Costs of Issuance of such Refunding Notes; (iii) interest on all Outstanding Notes to be refunded to the date such Notes will be called for redemption or paid at maturity; (iv) interest on the Refunding Notes from the date thereof to the date of payment or redemption of the Notes to be refunded; and (v) funding a Reserve Fund for the Refunding Notes, if required.

Authorization and issuance of Refunding Notes other than Refunding Notes issued to refund the Series 2021 Notes shall require delivery to the Trustee of a Certificate of the Authority to the effect that the Authority has determined that Maximum Annual Debt Service on all Notes Outstanding following the issuance of such Refunding Notes is less than or equal to Maximum Annual Debt Service on all Notes Outstanding prior to the issuance of such Refunding Notes.

Subordinate Obligations. In addition to Notes and Refunding Notes, the Authority may also issue or incur Subordinate Obligations. As defined in the Indenture, Subordinate Obligations means any obligations of the Authority secured by and payable from the Collateral on a basis which is subordinate to the Notes. Subordinate Obligations may be issued or incurred by the Authority subject to satisfaction of the terms and provisions set forth below:

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

(b) no Event of Default shall have occurred and then be continuing (or the issuance of such Subordinate Obligations will cure any such Event of Default), as evidenced by the delivery to the Trustee of a Certificate of the Authority to that effect; and

(c) as and to the extent applicable, the Trustee is designated as paying agent or trustee for such Subordinate Obligations and the Authority delivers to the Trustee a transcript of the proceedings providing for the issuance of such Subordinate Obligations.

STANDBY BOND PURCHASE AGREEMENT

Set forth below is a summary of certain provisions of the Standby Bond Purchase Agreement. This summary does not purport to be comprehensive or definitive, is supplemental to the summary of other provisions of the Standby Bond Purchase Agreement described elsewhere in this Official Statement and is qualified in its entirety by reference to the full terms and provisions of the Standby Bond Purchase Agreement. See also Appendix A – "Orange County Local Transportation Authority."

All capitalized terms used and not otherwise defined in the summary of the Standby Bond Purchase Agreement set forth below or elsewhere in this Official Statement shall have the meanings assigned to such terms in the Standby Bond Purchase Agreement or if not defined therein shall have the meanings assigned to such terms in the Indenture.

Local Transportation Authority Commitment to Purchase

To assure availability of funds to provide for payment of the principal and interest due and payable on all Series 2021 Notes Outstanding on the maturity date of the Series 2021 Notes (the "Series 2021 Maturity Date"), concurrently with the issuance of the Series 2021 Notes, the Authority will enter into the Standby Bond Purchase Agreement with the Local Transportation Authority. Pursuant to the Standby Bond Purchase Agreement, the Local Transportation Authority, will agree, on the terms and provisions set forth in the Standby Bond Purchase Agreement, to advance its own funds to purchase Authority Refunding Bonds in such amount as shall be necessary to provide funds sufficient to pay the outstanding principal of and accrued interest on the Series 2021 Notes due and payable on the Series 2021 Maturity Date.

To the extent necessary to fund its commitment to purchase Authority Refunding Bonds, the Local Transportation Authority will commit to: (i) using sales tax revenues collected pursuant to a sales tax measure approved by the voters of the County for transportation purposes in 2006 ("Measure M2"); (ii) using its best efforts to issue bonds, notes or other evidence of indebtedness secured by such sales tax revenues (herein referred to as the "M2 Sales Tax Revenues") on a subordinate basis to the lien on such M2 Sales Tax Revenues which secures the Orange County Local Transportation Authority Measure M2 Sales Tax Revenue Bonds (herein referred to as the "M2 Sales Tax Revenue Bonds") issued by Local Transportation Authority pursuant to that certain Master Indenture of Trust, dated as of December 1, 2010 (as amended and supplemented from time to time pursuant to its terms, the "M2 Indenture"), between the Local Transportation Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "M2 Trustee"), and Parity Obligations (as such term is defined in the M2 Indenture); and (iii) using any other funds legally available to the Local Transportation Authority to fund its commitment. Pursuant to the M2 Indenture, such bonds, notes or other evidence of indebtedness will constitute Subordinate Obligations as such term is defined in the M2 Indenture which the Local Transportation Authority is authorized to issue or incur under the M2 Indenture. Subordinate Obligations issued or incurred under the

M2 Indenture (hereinafter referred to as "M2 Subordinate Obligations") are payable as to principal, premium, interest and reserve fund requirements, if any, out of M2 Sales Tax Revenues after the prior payment of amounts to be paid from M2 Sales Tax Revenues for principal, premium, interest and reserve fund requirements, if any, for all M2 Sales Tax Revenue Bonds and Parity Obligations outstanding under the M2 Indenture.

Pursuant to the Standby Bond Purchase Agreement, the Local Transportation Authority will agree not to issue any M2 Subordinate Obligation other than M2 Subordinate Obligations to fund its commitment to purchase Authority Refunding Bonds as long as the Series 2021 Notes are Outstanding. In addition, pursuant to the Standby Bond Purchase Agreement, the Local Transportation Authority may not terminate its commitment to purchase the Series 2021 Notes if an Event of Default occurs under the Standby Bond Purchase Agreement. See "Events of Default and Remedies – Remedies."

Representations, Warranties and Covenants of the Authority

The Standby Bond Purchase Agreement includes certain representations, warranties and covenants of the Authority which are exclusively for the benefit of the Local Transportation Authority acting in its capacity as provider of the Standby Bond Purchase Agreement, each of which may be waived modified or enforced as the Local Transportation Authority may determine.

Events of Default and Remedies

An Event of Default will exist under the Standby Bond Purchase Agreement if any of the following occurs and is continuing and is not waived in writing by the Local Transportation Authority:

(a) **Payment Defaults.** The Authority fails to make or cause to be made when due any payment to the Local Transportation Authority required to be made pursuant to the Standby Bond Purchase Agreement and such failure is not cured within three (3) Business Days.

(b) **Representations and Warranties.** Any representation or warranty made by or on behalf of the Authority in the Standby Bond Purchase Agreement or in any other Related Document (as such term is defined in the Standby Bond Purchase Agreement) or in any certificate or statement delivered under the Standby Bond Purchase Agreement shall prove to have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) **Covenant Defaults.** The Authority shall fail to perform or observe any term, covenant or agreement set forth in the Standby Bond Purchase Agreement (other than the covenants and agreement described in clause (a) above (each a "Covenant Failure") which failure continues for thirty (30) days or more; provided that such Covenant Failure shall not constitute an Event of Default under the Standby Bond Purchase Agreement until such failure continues for sixty (60) days if (i) the Authority provides satisfactory evidence to the Local Transportation Authority that such Covenant Failure is able to be cured within sixty (60) days of the occurrence of the Covenant Failure, (ii) the Authority provides reasonable assurances to the Local Transportation Authority that the Covenant Failure will be cured within sixty (60) days of the occurrence of the Covenant Failure and (iii) the Authority provides satisfactory evidence to the Local Transportation Authority that the Authority has commenced the process required to cure such Covenant Failure within ten (10) days of the occurrence of such Covenant Failure.

(d) **Debt:** (i) Default by the Authority in the payment of any amount due in respect of any Indebtedness payable to the Local Transportation Authority as and when the same shall become due, or (ii) default by the Authority in the payment of any amount due in respect of any other Indebtedness in an aggregate amount in excess of \$5,000,000 as and when the same shall become due, or (iii) (x) default

under any mortgage, agreement or other instrument under or pursuant to which such Indebtedness is incurred or issued, and continuance of such default beyond any period of grace allowed with respect thereto, or (y) the occurrence of any act or omission by the Authority under any such mortgage, agreement or other instrument which, in the case of either (A) or (B), results in any amount of such Indebtedness (if such Indebtedness is a Indebtedness payable to the Local Transportation Authority or in excess of \$5,000,000 of such Indebtedness (with respect any other Indebtedness) becoming, or being capable of becoming, immediately due and payable.

(e) **Invalidity.** Any provision of the Standby Bond Purchase Agreement, the Notes or any other Related Document shall cease to be valid and binding, or the Authority shall contest any such provision, or the Authority or any authorized agent or trustee on behalf of the Authority, shall deny that it has any further liability under any provision of the Standby Bond Purchase Agreement, the Notes or any other Related Document.

(f) **Other Documents.** The occurrence of any default beyond the period of grace, if any, allowed with respect thereto under any Related Document other than the Standby Bond Purchase Agreement.

(g) **Financial Emergency.** There shall be appointed or designated with respect to the Authority, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

(h) **Liens.** One or more attachments against the property of the Authority, the operation or result of which, individually or in the aggregate, equal or exceed \$5,000,000 shall remain unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days.

(i) **Event of Insolvency.** The occurrence of an Event of Insolvency as such term is defined in the Standby Bond Purchase Agreement.

Remedies. Upon the occurrence and during the continuance of an Event of Default under the Standby Bond Purchase Agreement, the Local Transportation Authority shall be entitled to exercise all remedies available at law or equity. Notwithstanding the provisions of the Standby Bond Purchase Agreement described in this paragraph or any other provision of the Standby Bond Purchase Agreement to the contrary, in no event shall the Local Transportation Authority be entitled to terminate its obligation to purchase Authority Refunding Bonds upon the occurrence or during the continuance of an Event of Default under the Standby Bond Purchase Agreement.

Termination of Available Commitment

The Available Commitment will automatically terminate at 5:00 p.m. Pacific time on the date of expiration of the OCLTA Purchase Period, which is the earliest to occur of: (i) the Stated Expiration Date then in effect; (ii) the date on which no Authority Refunding Bonds are outstanding; or (iii) the close of business Pacific Time on the date the Available Commitment is reduced to zero or terminated pursuant to the provisions of the Standby Bond Purchase Agreement.

Trustee Notifications Facilitating Purchase of Authority Refunding Bonds Pursuant to the Standby Bond Purchase Agreement

Pursuant to the provisions of the Indenture, on the seventy-fifth (75th) day prior to the Series 2021 Maturity Date, the Trustee shall give written notice to the Authority of the amount of funds on deposit in the Principal Fund and the Interest Fund available to pay the principal of and accrued interest on the Series 2021 Notes on the Series 2021 Maturity Date. If such notice indicates that the Trustee does not have sufficient funds on hand, pursuant to the provisions of the Standby Bond Purchase Agreement, the Authority shall submit a Notice of OCLTA Purchase to the Local Transportation Authority, which shall transfer to the Trustee an amount equal to the Purchase Price of the Authority Refunding Bonds no later than 2:30 p.m. Pacific time on the OCLTA Purchase Date, which is the fifth (5th) Business Day prior to the Series 2021 Maturity Date.

In addition, pursuant to the provisions of the Indenture, if five (5) days prior to the Series 2021 Maturity Date, amounts on deposit in the Principal Fund and the Interest Fund are insufficient to make the payments required to be made on Series 2021 Notes on the Series 2021 Maturity Date, the Trustee shall immediately notify the Authority in writing of such deficiency and shall direct the Authority to transfer the amount of such deficiency to the Trustee on or prior to the Series 2021 Maturity Date. Pursuant to the provisions of the Indenture, upon receipt of such written notice, the Authority covenants and agrees to transfer to the Trustee from any Collateral in its possession the amount of such deficiency on or prior to Series 2021 Maturity Date.

Standby Bond Purchase Agreement Provider

The Local Transportation Authority is a local transportation authority organized and existing under the provisions of the Local Transportation and Improvement Act, constituting Division 19 of the Public Utilities Code of the State of California commencing with Section 180000 and is an affiliate of the Authority. See "The Authority – Formation and Governance" and Appendix A – "Orange County Local Transportation Authority."

THE AUTHORITY

Formation and Governance

Pursuant to the Consolidation Legislation which created a single Board of Directors accountable for transportation decision-making in the County, on June 20, 1991, the Authority assumed the combined duties of the Local Transportation Authority, the Orange County Transportation Commission, the Orange County Transit District, the Orange County Congestion Management Agency, the Orange County Service Authority for Freeway Emergencies and the Orange County Consolidated Transportation Service Agency.

The Board of Directors of the Authority is currently made up of eighteen members. The Board of Directors is comprised of (i) five members of the Orange County Board of Supervisors, each such member to be appointed by the Orange County Board of Supervisors, (ii) ten city members elected by the Orange County City Selection Committee (one per supervisorial district selected by population weighted voting and one per supervisorial district selected on a one-city one vote basis, (iii) two public members appointed by the other fifteen members of the Board of Directors of the Authority, each of which shall be a resident of Orange County who is not then serving, and has not, within the previous four years, served as an elected official within Orange County or as an elected official of Orange County; and (iv) a non-voting ex-officio member appointed by the Governor of the State of California.

Executive Staff

Key staff members are identified below.

Darrell E. Johnson, Chief Executive Officer. Darrell E. Johnson was appointed as Chief Executive Officer of the Authority in March 2013. Under the policy direction of the Board of Directors, Mr. Johnson is responsible for planning, financing and coordinating freeway, street and rail development, managing bus service, commuter-rail service and paratransit van service for the disabled and planning and managing a number of other transportation related programs and projects within Orange County. Prior to his appointment as Chief Executive Officer, Mr. Johnson served in various management positions at the Authority, most recently as Deputy Chief Executive Officer. Prior to joining the Authority in July 2003, Mr. Johnson served in various operations and planning positions at Amtrak.

Mr. Johnson holds a Bachelor of Arts Degree in Political Science and Administrative Studies from the University of California, Riverside, and completed the Senior Executives in State and Local Government Program, Harvard Kennedy School, Harvard University.

Jennifer L. Bergener, Deputy Chief Executive Officer and Chief Operating Officer. Jennifer L. Bergener was appointed Deputy Chief Executive Officer in January 2020 and also serves as Chief Operating Officer of the Authority. Ms. Bergener works directly with the Chief Executive Officer in advancing efforts to fulfill the Authority's mission of keeping the County moving with a balanced and sustainable transportation system. Ms. Bergener joined the Authority in 2003 and has served in various positions at the Authority, most recently as Chief Operating Officer, a position which she continues to hold.

Ms. Bergener holds a Bachelor of Science Degree in Accounting and Economics from the University of San Diego.

Andrew Oftelie, Chief Financial Officer. Andrew Oftelie was appointed Chief Financial Officer of the Authority in June 2013. Mr. Oftelie directs and manages the financial planning, budgeting, accounting, financial reporting, information technology, contracts administration and materials management, treasury and public finance, and general administration functions. Mr. Oftelie joined the Authority in 1999 and has served in various positions at the Authority since 1999, most recently as Director of Finance and Administration.

Mr. Oftelie holds a Master of Science degree in Public Administration from California State University, Long Beach, and a Bachelor of Science Degree in Finance from the University of Southern California.

INVESTMENTS AND INVESTMENT POLICY

The Board of Directors of the Authority adopts an investment policy (each, an "Investment Policy") on an annual basis in June of each year. Each Investment Policy is governed by the provisions of the California Government Code and governs the investment of the funds of the Authority and its affiliates, including the LTA, which are not held in the funds and accounts established pursuant to the Indenture. Amounts held in the funds and accounts established pursuant to the Indenture are invested in Investment Securities and in accordance with the maturity and diversification guidelines set forth in the Investment Policy. See Appendix D - "Summary of Principal Documents - Definitions" and "Investment in Funds and Accounts." The current Investment Policy was adopted on June 14, 2021 and is set forth in Appendix G - "Orange County Transportation Authority Investment Policy."

INVESTMENT CONSIDERATIONS

Limited Obligations

The Series 2021 Notes are limited obligations of the Authority payable solely from, and secured solely by a pledge of the Collateral, which is comprised of: (a) any legally available funds of the Authority excluding (i) amounts received from LTF Revenues, (ii) federal grant funds, and (iii) any revenues and assets with respect to the California State Route 91 Express Lanes; (b) proceeds from draws under a loan agreement entered into with United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau; (c) all amounts held by the Trustee in the funds and accounts established under the Indenture, including investment earnings thereon, excluding amounts deposited to the Rebate Fund (as such term is defined in the Indenture); and (d) proceeds from the sale of Authority Refunding Bonds subject to purchase by the Local Transportation Authority pursuant to the Standby Bond Purchase Agreement. The Authority's ability to generate revenues from the Collateral in amounts sufficient to pay debt service on the Series 2021 Notes depends upon many factors, some of which are not within the control of the Authority.

Other than the pledge of the Collateral, the Authority has not mortgaged, assigned or pledged any interest in any real or personal property or improvements, including any interest in the I-405 Improvements which comprise the I-405 Project as security for payment of the Series 2021 Notes.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2021 Notes in the event of a default in the payment of principal and interest on the Series 2021 Notes when due. In the event of a default by the Authority, each Holder of a Series 2021 Note will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture." See Appendix D – "Summary of Principal Documents – Events of Default and Remedies."

No Reserve Fund

The Series 2021 Notes will not be secured by a Reserve Fund.

Loss of Tax Exemption

As discussed under "Tax Matters," interest on the Series 2021 Notes could become includable in federal gross income, possibly from the date of issuance of the Series 2021 Notes, as a result of acts or omissions of the Authority subsequent to the date of issuance of the Series 2021 Notes. Should interest become includable in federal gross income, the Series 2021 Notes are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier defeasance.

Bankruptcy Risks. Described below are certain bankruptcy risks.

Bankruptcy Filing The Authority is authorized to file for bankruptcy under Chapter 9 of the Bankruptcy Code under certain circumstances. An involuntary bankruptcy petition cannot be filed against the Authority.

If the Authority is in bankruptcy, the parties (including the holders of the Series 2021 Notes) may be prohibited from taking any action to collect any amount from the Authority or to enforce any obligation of the Authority, unless the permission of the bankruptcy court is obtained. These restrictions

may also prevent the Trustee from making payments to the holders of the Series 2021 Notes from funds in the Trustee's possession.

The Authority as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including the Collateral), which lien could have priority over the lien of the Indenture, or to cause some of the Collateral to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy judicial determines that the rights of the Trustee and the holders of the Series 2021 Notes will be adequately protected. The Authority may also be able, without the consent and over the objection of the Trustee and the holders of the Series 2021 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 Series 2021 Notes, provided that the bankruptcy court determines that the alterations are fair and equitable.

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

Risk of Bankruptcy of Related Entities

As described above under the caption "The Authority - Formation and Governance," the Authority has assumed the combined duties of the Local Transportation Authority, the Orange County Transportation Commission, the Orange County Transit District, the Orange County Service Authority for Freeway Emergencies, and the Orange County Consolidated Transportation Service Agency. As a result, no assurance can be given that, if any of the Authority, the Local Transportation Authority, the Orange County Transportation Commission, the Orange County Transit District, the Orange County Service Authority for Freeway Emergencies, or the Orange County Consolidated Transportation Service Agency were to go into bankruptcy, the Authority would not become a part of such bankruptcy case. If the Authority were to become a part of such a bankruptcy case, then there could be delays or reductions in payments on the Series 2021 Notes or other losses for the owners of the Series 2021 Notes.

COVID-19 Pandemic

The COVID 19 Pandemic (the "Pandemic") is currently affecting many parts of the world, including the United States and the State of California. 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 Orange County. While federal and state governments (including the State of California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the Authority offers no assurances that these interventions will have the intended effects. The consequences of the Pandemic are expected to continue to reduce economic activity within the County. The Authority continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the Authority.

Availability of Funds to Pay the Series 2021 Notes

The Authority intends to draw on the 2021 TIFIA Loan, or to the extent sufficient funds are not available or eligible thereunder, to issue Authority Refunding Bonds under either the Indenture or another indenture or trust agreement, as applicable, to provide funds sufficient to pay the principal and interest of

the Series 2021 Notes on the Series 2021 Maturity Date. No assurance can be given that the Authority will satisfy all conditions to disbursement under the 2021 TIFIA Loan Agreement, or that the TIFIA Lender will honor a properly presented disbursement request under the 2021 TIFIA Loan Agreement. Moreover, in the event of a federal government shutdown of non-essential discretionary functions the TIFIA Lender would not be obligated to disburse funds under the 2021 TIFIA Loan Agreement.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Authority for the Fiscal Year ended June 30, 2020 and the Fiscal Year ended June 30, 2019, respectively, included as Appendix C-1 and Appendix C-2 to this Official Statement, have been audited by Crowe LLP, independent auditors, as stated in their report therein. See Appendix C-1 - Audited Financial Statements of the Orange County Transportation Authority For Fiscal Year Ended June 30, 2020 and Appendix C-2 - Audited Financial Statements of the Orange County Transportation Authority For Fiscal Year Ended June 30, 2019. Crowe LLP was not requested to consent to the inclusion of their report in Appendix C-1 or Appendix C-2, nor has Crowe LLP undertaken to update their reports 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 Crowe LLP with respect to any event subsequent to the date of their reports.

RATINGS

Moody's Investors Service and S&P Global Ratings have assigned the Series 2021 Notes ratings of "___" and "___," 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: 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on its own investigations, studies and assumptions. There is no assurance that any of such ratings will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely, if in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Series 2021 Notes.

TAX MATTERS

General. In the opinion of Nossaman LLP, Bond Counsel to the Authority ("Bond Counsel"), based on existing statutes, regulations, rulings and court decisions, interest on the Series 2021 Notes is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. Bond Counsel is further of the opinion that interest on the Series 2021 Notes is not a specific preference item for purposes of the federal alternative minimum tax. A copy of the proposed opinion of Bond Counsel is set forth in Appendix F hereto.

The Internal Revenue Code of 1986 (the "Code") imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2021 Notes. The Authority has covenanted to comply with certain restrictions designed to assure that interest on the Series 2021 Notes will not be includable in federal gross income. Failure to comply with these covenants may result in interest on the Series 2021 Notes being includable in federal gross income, possibly from the date of issuance of the Series 2021 Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2021 Notes may affect the value of, or

the tax status of, interest on the Series 2021 Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code will not adversely affect the value of, or the tax status of interest on, the Series 2021 Notes. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel has rendered an opinion that interest on the Series 2021 Notes is excludable from federal gross income and is exempt from State of California personal income taxes, the ownership or disposition of and the accrual or receipt of interest on the Series 2021 Notes may otherwise affect a beneficial owner's state or federal tax liability. The nature and extent of these other tax consequences will depend upon each beneficial owner's particular tax status and the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2021 Note is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2021 Note is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Series 2021 Note (other than a purchaser who holds such Series 2021 Note as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Series 2021 Note constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as interest on the Series 2021 Notes. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Series 2021 Note and the basis of such Series 2021 Note acquired at such initial offering price by an initial purchaser of each such Series 2021 Note will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of such Series 2021 Notes who purchase such Series 2021 Notes after the initial offering of a substantial amount thereof. Owners who do not purchase such Series 2021 Notes in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Series 2021 Notes. All holders of such Series 2021 Notes should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Series 2021 Note based on the purchaser's yield to maturity in such Series 2021 Notes, except that in the case of such a Series 2021 Note callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Series 2021 Note. A purchaser of such a Series 2021 Note is required to decrease his or her adjusted basis in such Series 2021 Note by the amount of Series 2021 Note premium attributable to each taxable year in which such purchaser holds such Series 2021 Note. The amount of note premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Series 2021 Notes should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of note premium attributable to each taxable year and the effect of note premium on the sale or other disposition of such a Series 2021 Note and with respect to the state and local tax consequences of owning and disposing of such a Series 2021 Note.

Certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the

circumstances and subject to the terms and conditions set forth in those documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Series 2021 Note or the interest payable with respect thereto if any change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code may cause interest on the Series 2021 Notes to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. There can be no assurance that such future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code enacted or proposed after the date of issuance of the Series 2021 Notes will not have an adverse effect on the tax-exempt status or market price of the Series 2021 Notes.

Internal Revenue Service Audit of Tax-Exempt Issues. The Internal Revenue Service ("IRS") has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Series 2021 Notes will be selected for audit by the IRS. It is also possible that the market value of the Series 2021 Notes might be affected as a result of such an audit of the Series 2021 Notes (or by an audit of similar obligations).

Information Reporting and Backup Withholding. Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007 on tax-exempt obligations, including the Series 2021 Notes. In general, such requirements are satisfied if the interest recipient completes and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If a beneficial owner purchasing a Series 2021 Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021 Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the beneficial owner's federal income tax once the required information is furnished to the Internal Revenue Service.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Authority, threatened concerning the validity of the Series 2021 Notes. The Authority is not aware of any pending or threatened litigation questioning the political existence of the Authority or contesting the Authority's ability to pledge the Collateral pursuant to the Indenture.

MUNICIPAL ADVISOR

The Authority has retained Sperry Capital Inc., Sausalito, California, as municipal advisor (the "Municipal Advisor") in connection with the authorization and issuance of the Series 2021 Notes and certain other financial matters. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm

and is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), the form of which is attached hereto as Appendix E, the Authority will agree to provide certain financial information and operating data relating to the Authority (hereinafter referred to as the "Annual Report") by not later than six (6) months following the end of the Authority's Fiscal Year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2021, and to provide notices of the occurrence of certain enumerated events as specified in the Continuing Disclosure Certificate. The Annual Report and notices of enumerated events will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website (EMMA). The specific nature of the information to be contained in the Annual Report and in the notices of enumerated events is specified in the Continuing Disclosure Certificate. The Authority has agreed to provide Annual Reports and notices of enumerated events for the benefit of the Noteholders and Beneficial Owners of the Series 2021 Notes in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2021 Notes are subject to the approving opinion of Nossaman LLP, Los Angeles, California, Bond Counsel, the form of which is attached hereto as Appendix F. Approval of other legal matters will be passed upon for the Authority by Woodruff, Spradlin & Smart, general counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters.

UNDERWRITING

The Series 2021 Notes are being purchased by the Underwriters named on the cover hereof (each an "Underwriter," and, collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series 2021 Notes at a price equal to \$_____ (the aggregate principal amount of the Series 2021 Notes, less an underwriters' discount of \$_____, [plus a net original issue premium/less an original issue discount] of \$_____). The purchase agreement relating to the Series 2021 Notes provides that the Underwriters will purchase all of the Series 2021 Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Series 2021 Notes may be offered and sold to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time.

The language set forth below under this caption has been provided by and is being included in this Official Statement at the request of the Underwriter[s] identified below. The Authority cannot and does not assume any responsibility for the accuracy of any of the information set forth below under this caption.

BofA Securities, Inc., an underwriter of the Series 2021 Notes, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this

arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2021 Notes.

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

RELATIONSHIP AMONG CERTAIN PARTIES

BofA Securities, Inc. is an underwriter with respect to the Series 2021 Notes. Bank of America, N.A., an affiliate of BofA Securities, Inc., provided the Bridge Loan which will be repaid from a portion of the proceeds of the Series 2021 Notes.

OTHER MATTERS

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers, Owners or Beneficial Owners of any of the Series 2021 Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

Additional information may be obtained upon request from the office of the Authority at 550 South Main Street, Orange, California 92863-1584, (714) 560-6282.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

ORANGE COUNTY TRANSPORTATION
AUTHORITY

By: _____
Chief Executive Officer

APPENDIX A

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

The Orange County Local Transportation Authority is an affiliate of the Orange County Transportation Authority. As provided in the Consolidation Legislation (as such term is defined in the front portion of the Official Statement to which this Appendix A is attached), the Board of Directors of the Authority serves as the Board of Directors of the Local Transportation Authority. See "The Authority" in the front portion of this Official Statement. All capitalized terms used and not otherwise defined in this Appendix A shall have the meanings assigned to such terms in the front portion of this Official Statement.

M2 SALES TAX REVENUE BONDS

Authority for Issuance of M2 Sales Tax Revenue Bonds

The Local Transportation Authority may issue M2 Sales Tax Revenue Bonds pursuant to authority granted under the Local Transportation Authority and Improvement Act (constituting Division 19 of the Public Utilities Code of the State of California, hereinafter referred to as the "Local Transportation Authority Improvement Act"), the Renewed Measure M Transportation Ordinance and Investment Plan, adopted by the Board of Directors on July 24, 2006 (as amended and supplemented from time to time pursuant to its terms hereinafter collectively referred to as the "Measure M2 Ordinance") and approved by more than two-thirds of the electors voting on the Measure M2 at the general election held in the Orange County on November 7, 2006. See "The Measure M2 Sales Tax" herein.

M2 Sales Tax Revenue Bonds issued by the Local Transportation Authority are limited obligations of the Local Transportation Authority payable from and secured by a pledge of the M2 Sales Tax Revenues derived from the imposition of a one-half of one percent (1/2%) retail transactions and use tax imposed for transportation purposes in the incorporated and unincorporated territory of Orange County. The one-half of one percent (1/2%) retail transactions and use tax was imposed pursuant to the Measure M2 Ordinance and approved by approximately seventy percent (70%) of the electors voting on Measure M2 at the general election held in the County on November 7, 2006. Pursuant to its terms, the Measure M2 Ordinance became effective on November 7, 2006 and collection of the Measure M2 retail transactions and use tax authorized pursuant to Measure M2 commenced on April 1, 2011 and is scheduled to expire on March 31, 2041. Such retail transactions and use tax imposed by the Measure M2 Ordinance is hereinafter referred to as the "M2 Sales Tax." See "Security and Source of Payment for the M2 Sales Tax Revenue Bonds."

M2 Sales Tax Revenue Bonds and Parity Obligations

Pursuant to the M2 Indenture, the Local Transportation Authority has issued (i) \$293,540,000 aggregate principal amount of Orange County Local Transportation Authority M2 Sales Tax Revenue Bonds (Limited Tax Bonds) 2010 Series A (Taxable Build America Bonds), of which \$250,000,000 aggregate principal amount will remain outstanding as of the date of issuance of the Series 2021 Notes and (ii) \$376,690,00 aggregate principal amount of Orange County Local Transportation Authority M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019, of which \$368,625,000 aggregate principal amount will remain outstanding as of the date of issuance of the Series 2021 Notes. Pursuant to the M2 Indenture, the Local Transportation Authority may also issue or incur Parity Obligations (as such term is defined in the M2 Indenture). As of the date of this Official Statement, no Parity Obligations are Outstanding (as such term is defined in the M2 Indenture). See "M2 Sales Tax Revenue Bonds."

M2 Subordinate Obligations

Pursuant to the M2 Indenture, the Local Transportation Authority may issue or incur M2 Subordinate Obligations which are secured by a pledge of the M2 Sales Tax Revenues on a basis subordinate to the pledge which secures the M2 Sales Tax Revenue Bonds. As of the date of this Official Statement, the Local Transportation Authority has not issued or incurred any M2 Subordinate Obligations. To fund its commitment to purchase Authority Refunding Bonds set forth in the Standby Bond Purchase Agreement, the Local Transportation Authority may issue M2 Subordinate Obligations. See "Standby Bond Purchase Agreement – Local Transportation Authority Commitment to Purchase" in the front portion of this Official Statement.

Local Transportation Authority Future Financing Plans

In Fiscal Year 2023, the Local Transportation Authority currently anticipates issuing approximately \$575 million of additional M2 Sales Tax Revenue Bonds, secured by a pledge of the M2 Sales Tax Revenues on a parity basis with the pledge which secures the M2 Sales Tax Revenue Bonds Outstanding as of the date of this Official Statement, the proceeds of which will be applied to finance freeway projects authorized to be funded by Measure M2.

SECURITY AND SOURCE OF PAYMENT FOR M2 SALES TAX REVENUE BONDS

Pledge of M2 Sales Tax Revenues

The M2 Sales Tax Revenue Bonds are limited obligations of the Local Transportation Authority and are payable as to principal and interest exclusively from (i) Revenues (as such term is defined in the M2 Indenture, consisting of M2 Sales Tax Revenues and all investment earnings on amounts held by the M2 Trustee in the funds and accounts established under the M2 Indenture (other than amounts deposited in the Rebate Fund, any Purchase Fund or any Letter of Credit Account established pursuant to the M2 Indenture), subject to application in accordance with the provisions of the M2 Indenture, and (ii) all amounts held on deposit in the funds and accounts established pursuant to the M2 Indenture (other than amounts deposited in the Rebate Fund, any Purchase Fund or any Letter of Credit Account established pursuant to the M2 Indenture).

M2 Sales Tax Revenues means 100% of the amounts relating to the collected by the California Department of Tax and Fee Administration ("CDTFA") on behalf of the Local Transportation Authority pursuant to the Local Transportation Authority Improvement Act, less the sum of (i) the costs and expenses of collection of the M2 Sales Tax paid to CDTFA, (ii) 1% of the M2 Sales Tax payable to the Local Transportation Authority for administration of the Measure M2 Ordinance, (iii) 2% of the M2 Sales Tax to be used for an environmental cleanup program to implement street and highway related water quality improvement projects as provided in the Measure M2 Ordinance, and (iv) 18% of the M2 Sales Tax remaining after deducting the amounts referred to in (i), (ii) and (iii) above, which amount, referred to in the Measure M2 Ordinance as the "Local Fair Share Program," is to be applied to provide flexible funding to assist cities in the County and the County to provide for the repair of aging streets and to meet other transportation needs, including residential street projects, traffic and pedestrian safety projects near schools and signal priority for emergency vehicles as provided in the Measure M2 Ordinance. For a general discussion of the Measure M2 Sales Tax, see "The Measure M2 Sales Tax."

The M2 Indenture provides that the Measure M2 Revenues and other amounts described above became immediately subject to the pledge set forth in the M2 Indenture upon the issuance of the first series of M2 Sales Tax Revenue Bonds and that such pledge constitutes a first lien on and security interest in the M2 Sales Tax Revenues and such other amounts and immediately attached thereto and became

effective, binding and enforceable against the Local Transportation Authority and all others asserting rights therein, to the extent set forth, and in accordance with, the provisions of the M2 Indenture, irrespective of whether such parties have notice of the pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of M2 Sales Tax Revenues and all amounts held on deposit in the funds and accounts established under the M2 Indenture (except for amounts held in the Rebate Fund established under the M2 Indenture) are irrevocable until all of the M2 Sales Tax Revenue Bonds, all obligations which are secured by a pledge of the M2 Sales Tax Revenues on a parity basis with the pledge which secures the M2 Sales Tax Revenue Bonds (such other obligations being hereinafter referred to as "Measure M2 Parity Obligations") and the M2 Subordinate Obligations and amounts owed in connection with the M2 Sales Tax Revenue Bonds, Measure M2 Parity Obligations and M2 Subordinate Obligations are no longer Outstanding.

Neither the faith and credit nor the taxing power of the County of Orange, the State of California or any political subdivision or public agency thereof, other than the Local Transportation Authority, to the extent of the pledge described herein, is pledged to the payment of principal of or interest on M2 Sales Tax Revenue Bonds.

Issuance of Obligations Payable From M2 Sales Tax Revenues

Issuance of Additional M2 Sales Tax Revenue Bonds. Subsequent to the issuance of the Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021, the Local Transportation Authority may issue one or more additional series of M2 Sales Tax Revenue Bonds, payable from M2 Sales Tax Revenues and secured by the pledge made under the M2 Indenture in addition to the M2 Sales Tax Revenue Bonds Outstanding (as such term is defined in the M2 Indenture) as of the date of this Official Statement. The Local Transportation Authority may issue and the M2 Trustee may authenticate and deliver to the purchasers thereof, M2 Sales Tax Revenue Bonds of any series so established, in such principal amount as shall be determined by the Local Transportation Authority, but only upon compliance by the Local Transportation Authority with the provisions of the M2 Indenture described below, each of which is a condition precedent to the issuance of any such additional series of M2 Sales Tax Revenue Bonds.

(a) No Event of Default (as such term is defined in the M2 Indenture) shall have occurred and then be continuing.

(b) In the event a Supplemental Indenture (as such term is defined in the M2 Indenture) providing for the issuance of such series of M2 Sales Tax Revenue Bonds shall require either (i) the establishment of a Reserve Fund (as such term is defined in the M2 Indenture) to provide additional security for such series of M2 Sales Tax Revenue Bonds or (ii) that the balance on deposit in an existing Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such series, to an amount at least equal to the Reserve Requirement with respect to such series of M2 Sales Tax Revenue Bonds and all other M2 Sales Tax Revenue Bonds secured by such Reserve Fund to be considered Outstanding upon the issuance of such additional series of M2 Sales Tax Revenue Bonds, the Supplemental Indenture providing for the issuance of such additional series of M2 Sales Tax Revenue Bonds shall require deposit of the amount necessary. Said deposit may be made from the proceeds of the sale of such series of M2 Sales Tax Revenue Bonds or from other funds of the Local Transportation Authority or from both such sources or may be made in the form of a Reserve Facility (as such term is defined in the M2 Indenture).

(c) The aggregate principal amount of M2 Sales Tax Revenue Bonds issued under the M2 Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(d) The Local Transportation Authority shall place on file with the M2 Trustee a Certificate (as such term is defined in the M2 Indenture) of the Local Transportation Authority certifying that the amount of M2 Sales Tax Revenues or Pro Forma Sales Tax Revenues (as such term is defined in the M2 Indenture), as the case may be, collected during twelve (12) consecutive months during the eighteen (18) months period preceding the date on which such additional series of M2 Sales Tax Revenue Bonds will become Outstanding shall have been at least equal to 1.3 times Maximum Annual Debt Service (as such term is defined in the M2 Indenture) on all series of M2 Sales Tax Revenue Bonds and Parity Obligations (as such term is defined in the M2 Indenture) then Outstanding and the additional series of M2 Sales Tax Revenue Bonds then proposed to be issued, which Certificate of the Local Transportation Authority shall also set forth the computations upon which such Certificate is based.

Nothing in the M2 Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional series of M2 Sales Tax Revenue Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the M2 Indenture, additional security for the benefit of such additional series of M2 Sales Tax Revenue Bonds or any portion thereof. In the event additional assets or revenues are included within the definition of "Revenues" (as such term is defined in the M2 Indenture) by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided pursuant to the provisions of the M2 Indenture described in subparagraph (d) above as if such additional assets or revenues had always been included in Revenues.

Issuance of Refunding Bonds. Refunding Bonds (as such term is defined in the Measure M2 Indenture) may be authorized and issued by the Local Transportation Authority without compliance with the provisions of the M2 Indenture described above under subparagraph (d), provided that the M2 Trustee shall have been provided with a Certificate of the Local Transportation Authority to the effect that the Local Transportation Authority has determined: (i) that Maximum Annual Debt Service on all M2 Sales Tax Revenue Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all M2 Sales Tax Revenue Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds, or (ii) that the Local Transportation Authority expects a reduction in debt service on all M2 Sales Tax Revenue Bonds Outstanding and all Parity Obligations outstanding to result from the refunding to be effected with the proceeds of such Refunding Bonds. Such Refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following: (i) the principal or Redemption Price (as such term is defined in the M2 Indenture) of the Outstanding M2 Sales Tax Revenue Bonds or outstanding Parity Obligations to be refunded; (ii) all expenses incident to the calling, retiring or paying of such Outstanding M2 Sales Tax Revenue Bonds or outstanding Parity Obligations and the Costs of Issuance (as such term is defined in the M2 Indenture) of such Refunding Bonds; (iii) interest on all Outstanding M2 Sales Tax Revenue Bonds or outstanding Parity Obligations to be refunded to the date such M2 Sales Tax Revenue Bonds or Parity Obligations will be called for redemption or paid at maturity; (iv) interest on the Refunding Bonds from the date thereof to the date of payment or redemption of the M2 Sales Tax Revenue Bonds or Parity Obligations to be refunded; and (v) funding a Reserve Fund for the Refunding Bonds, if required.

Parity Obligations. As defined in the M2 Indenture, Parity Obligations (hereinafter referred to as "M2 Parity Obligations") means any debt or other obligation of the Local Transportation Authority payable on a parity with the M2 Sales Tax Revenue Bonds. M2 Parity Obligations may be issued or incurred by the Local Transportation Authority, provided that the following conditions to the issuance or incurrence of such M2 Parity Obligations are satisfied: (i) such M2 Parity Obligations have been duly and legally authorized by the Local Transportation Authority for any lawful purpose; (ii) no Event of Default shall have occurred and then be continuing, as evidenced by the delivery of a Certificate of the

Local Transportation Authority to that effect, which Certificate of the Local Transportation Authority shall be filed with the M2 Trustee; and (iii) such Parity Obligations are being issued or incurred either (a) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds described above under the caption "Issuance of Refunding Bonds;" or (b) the Local Transportation Authority shall have placed on file with the M2 Trustee a Certificate of the Local Transportation Authority, upon which the M2 Trustee may conclusively rely certifying (on the basis of calculations made no later than the date of sale or incurrence of such Parity Obligations, as applicable) that the requirements of the M2 Indenture described above under subparagraph (d) under the caption "Issuance of Additional M2 Sales Tax Revenue Bonds" relating to the issuance of an additional series of M2 Sales Tax Revenue Bonds have been satisfied with respect to such M2 Parity Obligations, which Certificate shall also set forth the computations upon which such Certificate is based. As of the date of this Official Statement no M2 Parity Obligations are Outstanding.

M2 Subordinate Obligations. As defined in the M2 Indenture, M2 Subordinate Obligations means any obligations of the Local Transportation Authority secured by and payable from the M2 Sales Tax Revenues on a basis which is subordinate to the M2 Sales Tax Revenue Bonds and M2 Parity Obligations. As of the date of this Official Statement, no M2 Subordinate Obligations are Outstanding. Pursuant to the Standby Bond Purchase Agreement, the Local Transportation Authority will agree not to issue M2 Subordinate Obligations other than M2 Subordinate Obligations, the proceeds of which will be applied to the purchase of Authority Refunding Bonds prior to the payment at maturity or defeasance of all Series 2021 Notes.

THE MEASURE M2 SALES TAX

Authorization, Collection and Application of the Measure M2 Sales Tax

The Local Transportation Authority Improvement Act, among other things, authorizes the Local Transportation Authority to establish a retail transactions and use tax applicable in the incorporated and unincorporated territory of Orange County in accordance with the California Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 et seq.). In accordance with the Local Transportation Authority Improvement Act, on November 7, 2006, the voters of the County approved Measure which enacted the Measure M2 Ordinance imposing the Measure M Sales Tax in the County for a period of thirty years, with collections commencing April 1, 2011 and scheduled to end March 31, 2041. The Measure M Sales Tax consists of a one-half of one percent (1/2%) sales tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain limited exceptions described below.

Collection of the M2 Sales Tax is currently administered by CDTFA, which assumed responsibility for collection of the M2 Sales Tax effective July 1, 2017 pursuant to The Taxpayer Transparency and Fairness Act of 2017. Prior to July 1, 2017, collection of the M2 Sales Tax was administered by the California State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017 restructured the California State Board of Equalization into three separate entities: (i) CDTFA; (ii) the California State Board of Equalization; and (iii) the Office of Tax Appeals.

CDTFA is authorized to charge a fee for collection of the Sales Tax (the "CDTFA Fee") based on the cost of administering the Sales Tax. The CDTFA Fee, the amount of which is agreed with the California Department of Finance, is calculated based on a legislatively-approved costing model and includes direct, indirect, and central agency charges. For Fiscal Year 2020-21, the CDTFA Fee was \$2,786,100 (approximately 0.81% of M2 Sales Tax receipts collected during the period).

Amounts are transmitted to the M2 Trustee on a monthly basis. The amount transmitted reflects the estimated amount for transactions that occurred approximately two months prior to the month of transmittal. Cleanup adjustments are made pursuant to a schedule developed by CDTFA. The current schedule provides that cleanup adjustments are made approximately two (2) months after the end of each calendar quarter, i.e. cleanup adjustments for the calendar quarter ended December 31 are made the following February, cleanup adjustments for the calendar quarter ended March 31 are made the following May, cleanup adjustments for the calendar quarter ended June 30 are made the following August, and cleanup adjustments for the calendar quarter ended September 30 are made the following November.

The M2 Sales Tax is in addition to a seven and one quarter percent (7.25%) sales and use tax currently levied statewide by the State of California (the "State"). In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property and 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. The statewide use tax does not apply to cases where the sale of the property is subject to the sales tax, therefore the application of the statewide use tax is generally applied to purchases made outside of the State for use within the State.

The M2 Sales Tax is generally imposed upon the same transactions and items subject to the statewide sales and use tax, with generally the same exceptions. Many categories of transactions are exempt from the statewide sales and use tax and from the Measure M2 Sales Tax. The most important of these exceptions 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.

Historical M2 Sales Tax Revenues

Collection of the M2 Sales Tax authorized by the Measure M2 Ordinance commenced on April 1, 2011. Pursuant to the Measure M2 Ordinance, the M2 Sales Tax remains in effect through March 31, 2041.

The table set forth below presents information concerning historical M2 Sales Tax Revenues collected pursuant to the Measure M2 Ordinance for each of the fiscal years ending June 30, 2012 through June 30, 2021.

HISTORICAL M2 SALES TAX REVENUES

Fiscal Year Ended June 30	Historical Sales Tax Revenues	% Change From Prior Fiscal Year
2012	\$197,590,755	----
2013	209,765,645	6.16%
2014	219,882,862	4.82
2015	229,254,511	4.26
2016	236,527,241	3.17
2017	242,736,325	2.63
2018	253,056,907	4.25
2019	261,536,244	3.35
2020	250,297,253	(4.30)
2021	272,471,493	8.86

The M2 Sales Tax authorized by the Measure M2 Ordinance and Measure M2 extended a one-half of one percent (1/2%) retail transactions and use tax (hereinafter referred to as the "M1 Sales Tax")

imposed in the County pursuant to the Revised Orange County Traffic Improvement and Growth Maintenance Ordinance adopted by the Board of Directors on August 2, 1990 (the "Measure M1 Ordinance") and approved by a majority of the electors voting on the ballot measure set forth therein (such ballot measure being hereinafter referred to as "Measure M1") at the general election held in the County on November 6, 1990. Pursuant to its terms, the Measure M1 Ordinance became effective on November 6, 1990 and expired on March 31, 2011. Revenues received from the M1 Sales Tax (hereinafter referred to as the "M1 Sales Tax Revenues") were comprised of receipts of the M1 Sales Tax, less the sum of (i) the costs and expenses of collection of the M1 Sales Tax payable by the Local Transportation Authority to the State Board of Equalization, (ii) 1% of the M1 Sales Tax payable to the Local Transportation Authority for administration of the Measure M1 Ordinance, and (iii) 14.6% of the M1 Sales Tax Revenues remaining after deducting the amounts referred to in (i) and (ii) above, which amount, referred to in the Measure M1 Ordinance as the "Local Revenues," was applied to assist cities in the County and the County to provide funding for local streets and roads. For a more detailed discussion of the factors influencing Local Transportation Authority Sales Tax collections, see Appendix B - "Economic and Demographic Data Pertaining to the County of Orange."

Historical Taxable Sales

For information concerning historical taxable sales in the County, see Appendix B - "Economic and Demographic Data Pertaining to the County of Orange – Taxable Transactions."

Historical Debt Service Coverage

The table set forth below presents information concerning the Historical Debt Service Coverage Ratio for each of the fiscal years ending June 30, 2017 through June 30, 2021. Information provided in the table below regarding M2 Sales Tax Receipts for purposes of calculation of Historical Debt Service Coverage is based on M2 Sales Tax cash receipts which differs from certain information presented in the Local Transportation Authority Comprehensive Annual Financial Report concerning debt service coverage which is based on accrual in accordance with the requirements of the Governmental Accounting Standards Board.

Historical Debt Service Coverage Ratio

	Fiscal Year Ended June 30,			
	2018	2019	2020	2021
Measure M2 Sales Tax Receipts	\$321,480,529	\$332,358,188	\$317,963,821	\$345,345,181
Less CDTFA Fee ⁽¹⁾	\$3,330,030	3,547,220	3,282,840	2,786,100
Less OCTLA Administration Expenses ⁽¹⁾	3,181,505	3,288,110	3,146,810	3,425,591
Less Environmental Cleanup ⁽¹⁾	6,363,010	6,576,219	6,293,620	6,851,182
Less Local Funding Allocation ⁽¹⁾	55,549,077	57,410,395	54,943,299	59,810,815
Measure M2 Sales Tax Revenues⁽¹⁾	\$253,056,907	\$261,536,244	\$250,297,253	\$272,471,493
Debt Service on Outstanding Measure M2 Sales Tax Revenue Bonds	\$28,793,588	\$28,794,838	\$44,123,080	\$43,839,650
Debt Service Coverage Ratio	8.79x	9.08x	5.67x	6.22x

⁽¹⁾ See Historical M2 Sales Tax Revenues for additional detail concerning collection of the M2 Sales Tax and M2 Sales Tax Revenues.

INVESTMENT CONSIDERATIONS

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

In the event that the Local Transportation Authority issues M2 Subordinate Obligations to fund its commitment under the Standby Bond Purchase Agreement, such M2 Subordinate Obligations will be secured by a pledge of M2 Sales Tax Revenues. The level of M2 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 . . ."

The Local Transportation Authority is unable to predict the duration or severity of the current economic recession. Although the M2 Sales Tax Revenues collected by the Local Transportation Authority have rebounded from the decline experienced as a result of the Pandemic, the recession may have a material adverse effect on the collection of M2 Sales Tax Revenues, which may adversely affect the ability of the Local Transportation Authority to issue M2 Subordinate Obligations.

COVID-19 Pandemic

As indicated in the discussion of the Pandemic set forth under the caption "Investment Considerations" set forth in the front portion of this Official Statement, the Pandemic is currently affecting many parts of the world, including the United States and the State of California. 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 the State of California) have enacted legislation and taken executive actions seeking to mitigate the negative public health and economic impacts of the Pandemic, the Local Transportation Authority offers no assurances that these interventions will have the intended effects. The consequences of the Pandemic are expected to continue to reduce economic activity within the County, including activities that generate M2 Sales Tax Revenues. The Local Transportation Authority continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the Local Transportation Authority. While the overall potential impact of the Pandemic on the Local Transportation Authority and M2 Sales Tax Revenues cannot be quantified at this time, the adverse impact on M2 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 M2 Sales Tax is imposed. Such changes or amendments could have either an adverse or beneficial impact on the M2 Sales Tax Revenues. The State Legislature from time to time may adopt legislation that impacts the collection or the distribution of M2 Sales Taxes or that otherwise may impact the operations or finances of the Local Transportation Authority. The Local Transportation Authority cannot predict whether any such legislation will negatively impact M2 Sales Tax Revenues. The Local Transportation Authority is not currently aware of any proposed legislative change, which would have a material adverse effect on M2 Sales Tax Revenues.

Other Sales Taxes

With limited exceptions, the M2 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 M2 Sales Tax are imposed. Any such change or limitation could have an adverse impact on the M2 Sales Tax Revenues collected.

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIIC and XIID to the California Constitution. Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Local Transportation Authority. The Measure M2 Ordinance received the approval of more than 2/3 of the voters as required by Article XIIC. However, Article XIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Local Transportation Authority, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the M2 Sales Tax in a manner which would prevent the payment of debt service on M2 Obligations would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, which may affect the Local Transportation Authority's ability to levy and collect the M2 Sales Tax.

Bankruptcy Risks

Limitations on Remedies in the Event of Bankruptcy of the Local Transportation Authority

The Local Transportation Authority is authorized to file a bankruptcy petition under Chapter 9 of the United States Bankruptcy Code ("Chapter 9") under certain circumstances. An involuntary bankruptcy petition cannot be filed against the Local Transportation Authority.

If the M2 Sales Tax Revenues are "special revenues" under Chapter 9, then M2 Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the M2 Indenture for the benefit of the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture. No assurance can be given, however, that a bankruptcy court will determine that M2 Sales Tax Revenues constitute "special revenues." If a bankruptcy court were to hold that M2 Sales Tax Revenues are not "special revenues," then M2 Sales Tax Revenues collected after the filing of the bankruptcy petition would likely not be subject to the lien of the M2 Indenture. Under such circumstances, it is not clear whether owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture would be treated as general unsecured creditors of the Local Transportation Authority or whether the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture would have no further claim against any assets of the Local Transportation Authority. In either case, the owners of bonds issued by the Local Transportation Authority pursuant to the M2

Indenture could suffer substantial losses. If a bankruptcy court were to hold that M2 Sales Tax Revenues are "special revenues," then the owners of the bonds issued by the Local Transportation Authority pursuant to the M2 Indenture will likely have no recourse to any assets or revenues of the Local Transportation Authority other than M2 Sales Tax Revenues.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the relevant project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, even if the M2 Sales Tax Revenues are held to constitute special revenues, the Local Transportation Authority may be able to use M2 Sales Tax Revenues to pay necessary operating expenses of the Local Transportation Authority before making payments on bonds issued by the Local Transportation Authority pursuant to the M2 Indenture, notwithstanding the provisions of the M2 Indenture. It is not clear precisely which expenses, if any, would constitute necessary operating expenses.

Notwithstanding the provisions of the transaction documents that require CDTFA to transfer all M2 Sales Tax Revenues directly to the M2 Trustee, the Local Transportation Authority may be able to require CDTFA to transfer M2 Sales Tax Revenues directly to the Local Transportation Authority.

Unless the permission of the bankruptcy court is obtained, the M2 Trustee and the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture may be prohibited from taking any action to collect any amount from the Local Transportation Authority or to enforce any obligation of the Local Transportation Authority. These restrictions may also prevent the M2 Trustee from making payments to the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture from funds in the M2 Trustee's possession during the pendency of the bankruptcy proceedings.

The Local Transportation Authority may be able to borrow additional money that is secured by a lien on any of its property (including the M2 Sales Tax Revenues), which lien could have priority over the lien of the M2 Indenture, as long as the bankruptcy court determines that the rights of the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture will be adequately protected. The Local Transportation Authority may be able to cause some of the M2 Sales Tax Revenues to be released to it, free and clear of the lien of the M2 Indenture, as long as the bankruptcy court determines that the rights of the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture will be adequately protected.

The Local Transportation Authority may be able, without the consent and over the objection of the M2 Trustee or the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the M2 Indenture, the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture, or any other agreement relating to bonds issued by the Local Transportation Authority pursuant to the M2 Indenture to which the Local Transportation Authority is a party (including the provisions providing for the transfer of M2 Sales Tax Revenues from CDTFA to the M2 Trustee), as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on bonds issued by the Local Transportation Authority pursuant to the M2 Indenture while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Local Transportation Authority that could result in delays or reductions in payments on bonds issued by the Local Transportation Authority pursuant to the M2 Indenture or result in losses to the owners of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture. Regardless of any specific adverse determinations in a Local Transportation Authority bankruptcy

proceeding, the fact of a Local Transportation Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of bonds issued by the Local Transportation Authority pursuant to the M2 Indenture.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC DATA PERTAINING TO THE COUNTY OF ORANGE

General

The boundaries of the jurisdiction of the Orange County Transportation Authority are the same as those of the County of Orange (the "County"), which was established by an act of the California State Legislature in 1889. The County encompasses an area within southern California of over 798 square miles.

The County is bordered on the north by Los Angeles and San Bernardino Counties, on the east by Riverside County, on the southeast by San Diego County and on the west and southwest by the Pacific Ocean. Approximately 42 miles of ocean shoreline provide beaches, marinas and other recreational areas for use by residents and visitors.

Population Estimates

The following table shows population estimates for the County and the State of California (the "State") for the ten (10) calendar years set forth below.

POPULATION ESTIMATES 2012 Through 2021 COUNTY OF ORANGE AND THE STATE OF CALIFORNIA

<u>Year⁽¹⁾</u>	<u>County</u>	<u>Annual Growth Rate</u>	<u>State</u>	<u>Annual Growth Rate</u>
2012	3,072,381	N/A	37,924,661	N/A
2013	3,103,018	1.00%	38,269,864	0.91%
2014	3,122,962	0.64	38,556,731	0.75
2015	3,144,663	0.69	38,865,532	0.80
2016	3,160,401	0.50	39,103,587	0.61
2017	3,180,125	0.62	39,352,398	0.64
2018	3,186,254	0.19	39,519,535	0.42
2019	3,185,378	(0.03)	39,605,361	0.22
2020	3,180,491	(0.15)	39,648,938	0.11
2021	3,153,764	(0.84)	39,466,855	(0.46)

⁽¹⁾ As of January 1.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2021, with 2010 Census Benchmark. Sacramento, California, May 2021.

Projected Population Growth Through 2060

The following table shows population projections for the County and the State through 2060.

COUNTY OF ORANGE AND STATE OF CALIFORNIA POPULATION PROJECTIONS

Year	County	Projected Growth Rate	State	Projected Growth Rate
2030	3,291,863	N/A	41,860,549	N/A
2040	3,315,726	0.72%	43,353,414	3.57%
2050	3,268,048	(1.44)	44,049,015	1.60
2060	3,166,309	(3.11)	44,228,057	0.41

Source: California Department of Finance. Demographic Research Unit. Report P-2A: Total Population Projections, California Counties, 2010-2060 (Baseline 2019 Population Projections; Vintage 2020 Release). Sacramento: California. March 2021.

Per Capital Personal Income

The following table shows per capita personal income for the County, the State and the United States for the past ten (10) calendar years set forth below which is the most current data available.

PER CAPITA PERSONAL INCOME 2010 Through 2020 COUNTY OF ORANGE, STATE OF CALIFORNIA, AND UNITED STATES

Year	County	State of California	United States
2010	\$49,796	\$43,636	\$40,547
2011	51,522	46,177	42,735
2012	55,391	48,819	44,598
2013	54,765	49,312	44,851
2014	57,234	52,376	47,058
2015	61,322	55,853	49,003
2016	63,439	58,074	49,995
2017	66,044	60,581	52,096
2018	68,917	63,759	54,581
2019	71,711	66,745	56,474
2020	See Note Below	71,480	59,729

Note: Per capital personal income was computed using U.S. Bureau of the Census midyear population estimates. County estimates for 2010 through 2019 reflect county population estimates available as of March 2020, which were updated on November 17, 2020 with new statistics for 2019 and revised statistics for 2010-2018. Next update is scheduled for November 16, 2021.

State of California and U.S: personal income statistics are calculated using Census Bureau midyear population estimates. These annual midyear population estimates are based on the 2010 census. Last updated: March 24, 2021 with new statistics for 2020; revised statistics for 2010-2019.

All dollar estimates are in current dollars (not adjusted for inflation). Calculations are performed on unrounded data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following table shows the principal employers in the County by number of employees.

**COUNTY OF ORANGE
PRINCIPAL EMPLOYERS
2020**

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
Walt Disney Co.	Amusement and Recreation Services	28,000
University of California, Irvine	Educational Services	25,512
County of Orange	Public Administration	18,543
St. Joseph Health System	Health Services	12,866
Albertsons	Retail Trade: Food Stores	8,159
Kaiser Permanente	Health Services	8,050
Hoag Memorial Hospital	Health Services	6,710
Walmart Inc.	Retail Trade: General Merchandise	6,400
Target Corporation	Retail Trade: General Merchandise	6,000
Yum Brands Inc.	Restaurants	5,600

Source: Orange County Business Journal Book of Lists (November 30, 2020).

Employment

The following table summarizes the labor force, employment and unemployment figures for the County, the State, and the United States for the years 2016 through 2020.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2016 Through 2020⁽¹⁾
COUNTY OF ORANGE, STATE OF CALIFORNIA, UNITED STATES

Year and Area	Labor Force	Employment ⁽²⁾	Unemployment ⁽³⁾	Unemployment Rate
2016				
Orange County	1,597,400	1,532,700	64,700	4.1%
State of California	19,012,5000	17,965,400	1,046,600	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
Orange County	1,606,800	1,551,500	56,700	3.5
State of California	19,173,800	18,246,80	927,000	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
Orange County	1,616,000	1,568,000	48,100	3.0
State of California	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Orange County	1,613,100	1,567,200	45,900	2.8
State of California	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Orange County	1,553,300	1,416,700	136,600	8.8
State of California ⁽⁴⁾	18,821,200	16,913,100	1,908,100	10.1
United States	160,742,000	147,795,000	12,947,000	8.1

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data and, therefore, the unemployment rate may differ from rates computed from the rounded data included in the table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2020 Benchmark.

Industry Employment and Labor Force Annual Averages

Industry employment and labor force annual averages for the past five (5) years for the Anaheim-Santa Ana-Irvine Metropolitan Division, which includes the County, are set forth in the table below. The table provides multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT AND LABOR FORCE ANNUAL AVERAGES 2016 Through 2020 COUNTY OF ORANGE (ANAHEIM-SANTA ANA-IRVINE METROPOLITAN DIVISION)

Category	2016	2017	2018	2019	2020
Total Farm	2,400	2,100	2,000	1,900	1,800
Total Nonfarm	1,586,300	1,619,200	1,651,800	1,673,500	1,524,700
Total Private	1,426,700	1,459,000	1,490,600	1,510,900	1,369,000
Goods Producing	255,600	262,600	267,000	266,400	251,300
Mining and Logging	300	500	500	500	300
Construction	97,000	101,400	105,900	106,200	101,900
Manufacturing	158,200	160,700	160,700	159,800	149,000
Durable Goods	116,200	117,500	118,500	118,500	111,200
Nondurable Goods	42,000	43,200	42,200	41,300	37,800
Service Providing	1,330,700	1,356,600	1,384,800	1,407,100	1,273,400
Private Service Producing	1,171,100	1,196,500	1,223,600	1,244,500	1,117,700
Trade, Transportation and Utilities	258,500	260,500	261,600	259,500	241,600
Retail Trade	152,600	153,500	152,600	150,600	137,500
Transportation, Warehousing and Utilities	27,200	28,000	29,200	29,500	29,400
Information	26,000	26,800	26,700	26,000	24,200
Financial Activities	118,000	119,600	118,700	117,600	115,300
Professional and Business Services	299,600	304,800	317,400	328,700	307,100
Educational and Health Services	206,600	216,400	225,200	233,100	224,000
Educational Services	26,600	28,000	29,300	31,500	27,900
Leisure and Hospitality	212,000	218,100	222,600	227,700	161,500
Other Services	50,500	50,300	51,400	52,000	44,000
Government	159,600	160,200	161,200	162,500	155,700
Total, All Industries	<u>1,588,700</u>	<u>1,621,300</u>	<u>1,653,800</u>	<u>1,675,300</u>	<u>1,526,600</u>

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: *State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2020 Benchmark.*

Taxable Transactions

The following table summarizes annual taxable sales for the County from 2016 through 2021. Data provided for 2021 reflects the year end forecast.

ANNUAL TAXABLE SALES 2016 Through 2021 COUNTY OF ORANGE (Dollars in Millions)

Type of Business	2016	2017	2018	2019	2020	2021 ⁽²⁾
General Merchandising and Clothing	\$ 9,440	\$ 9,494	\$ 9,845	\$10,063	\$ 8,627	\$12,139
All Food and Drink	10,020	10,353	10,656	11,042	8,671	9,444
Motor Vehicles and Parts	8,649	8,928	9,408	9,647	9,357	10,916
Service Stations	3,347	3,746	4,204	4,142	2,631	2,956
All Other	<u>31,604</u>	<u>32,627</u>	<u>33,356</u>	<u>34,795</u>	<u>33,812</u>	<u>35,240</u>
Total Taxable Sales ⁽¹⁾	<u>\$63,059</u>	<u>\$65,148</u>	<u>\$67,469</u>	<u>\$69,689</u>	<u>\$63,097</u>	<u>\$70,696</u>

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ 2021 reflects year-end forecast.

Source: Chapman University Economic & Business Review, June 2021.

Construction Activity

The following table shows the annual building permit valuations and number of permits for new dwelling units issued for the County from 2015 through 2019, which is the most current data available.

BUILDING PERMITS AND VALUATIONS 2015 Through 2019 COUNTY OF ORANGE (Dollars in Thousands)

	2015	2016	2017	2018	2019
Valuation					
Residential	\$2,826,883	\$3,151,640	\$3,188,601	\$2,750,619	\$2,642,314
Non-Residential	<u>2,203,105</u>	<u>2,495,687</u>	<u>2,090,029</u>	<u>3,532,285</u>	<u>3,152,501</u>
Total	\$5,029,988	\$5,647,327	\$5,278,630	\$6,282,904	\$5,794,815
Units					
Single Family	3,667	4,226	5,097	3,975	3,125
Multi Family	<u>7,230</u>	<u>7,908</u>	<u>5,197</u>	<u>4,130</u>	<u>7,169</u>
Total	10,897	12,134	10,294	8,105	10,294

Note: Totals may not add due to rounding.

Source: Construction Industry Research Board.

APPENDIX C -1

**AUDITED FINANCIAL STATEMENTS
OF THE
ORANGE COUNTY TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

AND

APPENDIX C-2

**AUDITED FINANCIAL STATEMENTS
OF THE
ORANGE COUNTY TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX D
SUMMARY OF PRINCIPAL DOCUMENTS

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F
PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX G

ORANGE COUNTY TRANSPORTATION AUTHORITY 2021 INVESTMENT POLICY

APPENDIX H

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (the "Series 2021 Notes"). The Series 2021 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 note certificate will be issued for each maturity of Series 2021 Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the front portion of this Official Statement or in Appendix D - "Summary of Principal Documents."

The following information has been obtained from DTC, and neither the Orange County Transportation Authority (the "Authority") nor any underwriter identified on the cover page of this Official Statement makes any representation as to its accuracy or completeness. For further information, beneficial owners should contact DTC in New York, New York.

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"). DTC has an S & P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2021 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Notes on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Note (each a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 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 Series 2021 Notes, except in the event that use of the book-entry system for the Series 2021 Notes is discontinued.

To facilitate subsequent transfers, all Series 2021 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 Series 2021 Notes with DTC and their registration in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 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 Series 2021 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 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 Series 2021 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Notes, such as redemptions, defaults and proposed amendments to the note documents. For example, Beneficial Owners of Series 2021 Notes may wish to ascertain that the nominee holding Series 2021 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 shall be sent to DTC. If less than all of the Series 2021 Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2021 Notes to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "Omnibus Proxy") to the Authority and the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Notes at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered in accordance with the provisions set forth in the Indenture.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered in accordance with the provisions of the Indenture.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Orange County Transportation Authority (the "Authority") on [Closing Date] in connection with the issuance of \$_____ aggregate principal amount of Orange County Transportation Authority Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (the "Notes"). The Notes are being issued pursuant to a Master Indenture, dated as of September 1, 2021, as supplemented by a First Supplemental Indenture, dated as of September 1, 2021 (herein referred to as the "Indenture"), between the Authority and U.S. Bank National Association, as trustee. The Authority covenants and agrees as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report shall mean any Annual Report provided by the Authority pursuant to, and as described in, Section 3 and Section 4 of this Disclosure Certificate.

Beneficial Owner shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including persons holding Notes through nominees, depositories or other intermediaries).

Financial Obligation shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section (16), a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Holder shall mean the person in whose name any Note shall be registered.

Listed Events shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

MSRB shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

Official Statement shall mean the final official statement dated [Date of OS] relating to the Notes.

Participating Underwriter shall mean the original underwriters of the Notes required to comply with the Rule in connection with the offering of the Notes.

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

SEC shall mean the Securities and Exchange Commission or any successor agency thereto.

TIFIA Loan Agreement shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall not later than six (6) months after the end of the Authority's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year ending June 30, 2021, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority's fiscal year changes, the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5, such notice to be provided in accordance with the provisions set forth in Section 6.

(b) In the event that an Annual Report for any fiscal year has not been provided to the MSRB by the date required in Section 3(a) above, the Authority shall send a notice, in electronic format, to the MSRB; such notice to be in substantially the form attached as Exhibit A to this Disclosure Certificate and to be provided in accordance with the provisions set forth in Section 6.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for the preceding fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Authority (including the notes thereto), the Annual Report shall include a description of any failure of the Authority to receive the proceeds from a draw under the TIFIA Loan Agreement.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been made available to the public on the MSRB's website. The Authority shall clearly identify each such other document so included by reference. Updates to information referenced in Section 4(b) may involve adding additional financial and operating data, displaying data in a different format or table, or eliminating data this is no longer material.

SECTION 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than ten (10) business days after the occurrence of the event, such notice to be provided in accordance with the provisions set forth in Section 6:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), other material notices or determinations with respect to the tax status of the Notes or other material events affecting the tax status of the Notes;
7. Modifications to rights of Note holders, if material;
8. Optional, unscheduled or contingent Note calls, if material and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Notes, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Authority;

Note: for the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

13. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee if material;
15. Incurrence of a Financial Obligation of the Authority if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a

Financial Obligation of the Authority, any of which affect Noteholders, if material;
and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event described in Section 5(a), the Authority shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Notes pursuant to the Indenture.

(c) The Authority intends to comply with the Listed Events described in Section 5(a)(15) and (16), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If the obligations of the Authority under the Indenture are assumed in full by some other entity, such person shall become responsible for compliance with this Disclosure Certificate as if it were the original Authority, and the Authority shall have no further responsibility hereunder. If such termination or assumption occurs prior to the final maturity of the Notes, the Authority shall give notice of such termination or assumption in a filing with the MSRB.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), Section 4, Section 5(a) or Section 8, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by Holders of the Notes in the same manner as provided in the Indenture for amendments of the Indenture with consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel or another independent third party, materially impair the interests of the Holders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, the sole remedy for any Holder or Beneficial Owner of the Notes shall be to take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause or compel the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate is not a default under the Indenture.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated the Date Set Forth Above.

ORANGE COUNTY TRANSPORTATION
AUTHORITY

By _____
Chief Executive Officer

Approved as to form:

WOODRUFF, SPRADLIN & SMART,
General Counsel to the Orange County
Transportation Authority

By _____

Exhibit A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF
FAILURE TO FILE ANNUAL REPORT

Name of Authority: Orange County Transportation Authority (the "Authority")

Name of Issue: Orange County Transportation Authority Bond Anticipation Notes
(I-405 Improvement Project), Series 2021

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate executed and delivered by the Authority on [Date of Issuance]. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated: _____

Orange County Transportation Authority



September 8, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Bond Anticipation Notes (Interstate 405 Improvement Project), Series 2021 Approval of Standby Bond Purchase Agreement

Overview

To facilitate the issuance of Bond Anticipation Notes by the Orange County Transportation Authority, authorization is required by the Orange County Local Transportation Authority for the execution and delivery of a Standby Bond Purchase Agreement.

Recommendations

- A. Adopt Resolution No. 2021-077 authorizing the execution and delivery of a Standby Bond Purchase Agreement to facilitate the issuance of Bond Anticipation Notes by the Orange County Transportation Authority.
- B. Authorize staff to take all other actions necessary in connection with the execution and delivery of said Standby Bond Purchase Agreement.

Background

On October 26, 2020, the Orange County Transportation Authority (OCTA) Board of Directors (Board) authorized staff to pursue a rate reset on its 2017 Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan that supports the Interstate 405 (I-405) Improvement Project to achieve debt service savings. It was also determined that additional debt service savings could be realized if OCTA pursued short-term interim financing during the construction period instead of immediately drawing on the TIFIA loan. On June 14, 2021, the Board approved the issuance of Bond Anticipation Notes (I-405 Improvement Project), Series 2021 (2021 BANs) as a short-term interim financing to support the construction of the I-405 Improvement Project, and the selection of an underwriting team. Prior to execution of the transaction, staff was directed to return to the Board for approval of the financing documents required to execute the closing of the transaction.

Discussion

The United States Department of Transportation Build America Bureau Credit Programs Office (Bureau) has provided OCTA with an anticipated closing date of September 9, 2021, to reset the interest rate on OCTA's 2017 TIFIA Loan. Based on that anticipated closing date, staff is seeking approval of the Standby Bond Purchase Agreement by the Orange County Local Transportation Authority (OCLTA). The Standby Bond Purchase Agreement obligates OCLTA to purchase the 2021 BANs if OCTA was unable or delayed in drawing under the reset TIFIA Loan to repay the BANs. The savings benefit from using short-term BANs to fund eligible I-405 Project costs versus using the 2021 TIFIA Reset Loan is estimated to be approximately \$20 million.

The financing documents for the 2021 BANs have been submitted to S&P Global Ratings (S&P) and Moody's Investor Services (Moody's) for their review and ratings on the 2021 BANs. OCTA met with the rating agencies on August 19, 2021, to provide an update on OCTA and discuss the I-405 Improvement Project and sales tax history and forecasts, in addition to the proposed financing. It is anticipated that the ratings from S&P and Moody's will be released before September 8, 2021.

Legal Documents

To proceed with the issuance and sale of the 2021 BANs, and in connection with the approval of several financing documents by OCTA, OCLTA will execute the Standby Bond Purchase Agreement. The authorizing resolution and Standby Bond Purchase Agreement are summarized below.

Resolution - The resolution (Attachment A) is the legal document which authorizes the execution and delivery of a Standby Bond Purchase Agreement to facilitate the issuance of Bond Anticipation Notes by OCTA and taking all other actions necessary in connection with the execution and delivery of the Standby Bond Purchase Agreement. The Resolution also notes that in order to accomplish the issuance of the proposed 2021 BANs, OCTA is required to provide the document summarized below.

Standby Bond Purchase Agreement - The Standby Bond Purchase Agreement is the agreement between OCLTA and OCTA obligating OCLTA to purchase OCTA's bonds in the event the BANs trustee needs additional amounts after submitting the TIFIA Loan draw request to pay off the BANs at their maturity. OCLTA agrees that, among other sources, it will use best efforts to issue Measure M2 (M2) Sales Tax Revenue Bonds, including subordinate lien

M2 bonds, to finance its purchase of the OCTA refunding bonds. This document is included as Attachment B.

Next Steps

If the Board approves the financing documents and OCLTA approves the Standby Bond Purchase Agreement for the proposed 2021 BANs, the financing team will release the Preliminary Official Statement (POS) to the investment community. Investors will review the POS and determine their level of interest in the bonds and whether they require additional information from staff and the financing team.

Following the release of the POS, an investor presentation will be posted online during the week of September 13, 2021. The presentation will focus on the details of the transaction, including the legal structure. The presentation will be recorded by staff and the financing team. Investors will have the option to contact staff or the underwriting team to request additional information or follow-up meetings.

On September 20, 2021, staff will meet with investors and answer any “due diligence” questions prior to pricing the transaction. Staff will meet with the financing team to review final structuring as it relates to recommended coupons and interest rate levels.

Once the 2021 BANs are sold, staff will be provided a list of investors and presented a final spreadsheet detailing the costs of the transaction. OCTA’s Chief Financial Officer will execute the purchase contract and the transaction is expected to close by September 30, 2021. On the closing date, all legal documents are executed, and funds are exchanged between parties.

Summary

Staff is seeking approval of the Standby Bond Purchase Agreement by the Orange County Local Transportation Authority to facilitate the issuance of the 2021 Bond Anticipation Notes.

Attachments

- A. Orange County Local Transportation Authority Resolution No. 2021-077
- B. Standby Bond Purchase Agreement

Prepared by:



Robert Davis
Department Manager
Treasury and Public Finance
714-560-5675

Approved by:



Andrew Oftelie
Chief Financial Officer
Finance and Administration
714-560-5649

NO. 2021-077

RESOLUTION OF THE ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A STANDBY BOND PURCHASE AGREEMENT TO FACILITATE THE ISSUANCE OF BOND ANTICIPATION NOTES BY THE ORANGE COUNTY TRANSPORTATION AUTHORITY AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION WITH THE EXECUTION AND DELIVERY OF SAID STANDBY BOND PURCHASE AGREEMENT.

WHEREAS, the Orange County Local Transportation Authority (the “Authority”) is a local transportation authority duly organized and existing under the Local Transportation Authority and Improvement Act, being Division 19 of the Public Utilities Code of the State of California (Section 180000 *et seq.*) (the “Act”);

WHEREAS, the Orange County Transportation Authority (“OCTA”), an affiliate of the Authority, plans on issuing bond anticipation notes (the “2021 BANs”) pursuant to a Master Indenture, as amended and supplemented by a First Supplemental Indenture (collectively, the “OCTA Indenture”), each dated as of September 1, 2021, by and between OCTA and U.S. Bank National Association, as trustee (the “2021 BANs Trustee”), to finance the costs of transportation improvements and facilities referred to by OCTA and by the Authority as the I-405 Improvement Project;

WHEREAS, in order to facilitate the issuance of the 2021 BANs by OCTA, at the request of OCTA, the Authority intends to agree to enter into a standby bond purchase agreement with OCTA dated as of September 1, 2021 (the “Standby Bond Purchase Agreement”) providing for the purchase of the Authority of refunding bonds to be issued by OCTA (the “OCTA Refunding Bonds”), the proceeds of which will be used to repay the 2021 BANs on their date of maturity in the event the 2021 BANs Trustee does not have sufficient funds to provide for such repayment of the 2021 BANs;

WHEREAS, the Authority is authorized pursuant to the Act to, among other things, and with voter approval, levy a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code (the “Sales Tax Law”) and to issue limited tax bonds payable from the proceeds of such tax;

WHEREAS, the Authority adopted Ordinance No. 3, named the “Renewed Measure M Transportation Ordinance and Investment Plan” (as amended pursuant to its terms, the “Ordinance”) on July 24, 2006, pursuant to the provisions of the Act, which Ordinance provides for the imposition of a retail transactions and use tax (the “Sales Tax”) applicable in the incorporated and unincorporated territory of the County of Orange (the “County”) in accordance with the provisions of the Sales Tax Law at the rate of one-half of one percent (1/2%) for a period of thirty (30) years;

WHEREAS, by its terms, the Ordinance became effective on November 8, 2006, the day after the election at which the proposition imposing the Sales Tax was approved by more than two-thirds of the electors voting on the measure;

WHEREAS, collection of the Sales Tax commenced on April 1, 2011;

WHEREAS, the Ordinance empowers the Authority to issue, from time to time, on or before commencement of the collection of the Sales Tax, bonds, or other evidences of indebtedness in order to finance and refinance improvements authorized by the Ordinance;

WHEREAS, the Authority is authorized by the Act to issue from time to time limited tax bonds (defined to include indebtedness and securities of any kind or class, including commercial paper notes), secured and payable in whole or in part from revenues of the Sales Tax (the “Sales Tax Revenues”);

WHEREAS, the Authority entered into a Master Indenture of Trust (“Master Indenture”) dated as of December 1, 2010 with The Bank of New York Mellon Trust Company, N.A., as trustee;

WHEREAS, the Master Indenture authorizes the Authority to invest in notes and bonds issued by OCTA;

WHEREAS, the Authority’s Investment Policy also authorizes the Authority to invest in notes and bonds issued by OCTA within the guidelines set forth in the Investment Policy;

WHEREAS, the Board of Directors of the Authority (the “Board”) desires to authorize the execution and delivery of the Standby Bond Purchase Agreement, and to authorize the taking of such other actions as shall be necessary under the Standby Bond Purchase Agreement to provide funds to be applied to the repayment of the 2021 BANs as contemplated in the Standby Bond Purchase Agreement and the OCTA Indenture;

WHEREAS, the Authority has full legal right, power and authority under the laws of the State of California to enter into the Standby Bond Purchase Agreement and the other transactions hereinafter authorized;

NOW THEREFORE, THE ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY DECLARES:

Section 1. Recitals. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of the Standby Bond Purchase Agreement. The proposed form of the Standby Bond Purchase Agreement presented to this meeting and the terms and conditions thereof are hereby approved.

The Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer, or the Director of Finance and Administration of the Authority (each, an “Authorized Officer of the Authority”), acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Standby Bond Purchase Agreement, in substantially said form, with such changes therein as the Authorized Officer of the Authority executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Delegation to Authorized Officer. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by the Standby Bond Purchase Agreement may be given or taken by any Authorized Officer of the Authority, without further authorization or direction by this Board, and each Authorized Officer of the Authority is hereby authorized and directed to give any such approval, consent, direction, notice, order, request or other action and to take any such action which such Authorized Officer of the Authority may deem necessary or desirable to further the purposes of this Resolution.

Section 4. Ratification of Actions. All actions heretofore taken by the officers and agents of the Authority with respect to the actions contemplated by the Standby Bond Purchase Agreement are hereby ratified, confirmed and approved. If at the time of execution of the Standby Bond Purchase Agreement authorized herein, an Authorized Officer of the Authority is unavailable, such documents may be executed by another officer of the Authority designated in writing by the Chief Executive Officer of the Authority.

The proper officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, any tax certificates or agreements, which they, or any of them, may deem necessary or advisable in order to facilitate the consummation of the execution and delivery of the Standby Bond Purchase Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution and the Standby Bond Purchase Agreement approved hereby.

Section 5. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

PASSED AND ADOPTED on September 13, 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair of the Orange County
Local Transportation Authority

This RESOLUTION was entered into
at a meeting of the Orange County
Local Transportation Authority held
September 13, 2021, in Orange, California.

Attest:

Clerk of the Board

Approved as to Form

By: _____
James Donich, Esq.
General Counsel to Authority

CERTIFICATE OF THE CLERK OF THE BOARD OF THE
ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

I, _____, Clerk of the Board of the Orange County Local Transportation Authority (the “Authority”), hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the governing board of said Authority duly and regularly held in Orange, California, on September 13, 2021, of which meeting all of the members of said Authority had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

I further certify that an agenda of said meeting was posted at least 72 hours before said meeting at a location in Orange, California, freely accessible to the public and a brief general description of the resolution to be adopted at said meeting appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate hereto as of this date,
_____, 2021.

By: _____
Its: Clerk of the Board

STANDBY BOND PURCHASE AGREEMENT

dated as of September 1, 2021

between

ORANGE COUNTY TRANSPORTATION AUTHORITY,

and

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

relating to:

\$ _____
Orange County Transportation Authority
Bond Anticipation Notes (I-405 Improvement Project)

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LIST OF EXHIBITS AND SCHEDULES:

EXHIBIT A	—	Notice of OCLTA Purchase
EXHIBIT B	—	Form of Request for Extension of Stated Expiration Date
EXHIBIT C	—	Form of Compliance Certificate

STANDBY BOND PURCHASE AGREEMENT

This STANDBY BOND PURCHASE AGREEMENT (this “*Agreement*”) dated as of September 1, 2021, is between ORANGE COUNTY TRANSPORTATION AUTHORITY (together with its successors and assigns permitted hereunder, the “*Authority*”), a regional transportation authority duly established and existing under the laws of the State of California, and ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY, (together with its successors and assigns permitted hereunder, “*OCLTA*”), a local transportation authority duly established and existing under the laws of the State of California.

WITNESSETH:

WHEREAS, the Authority issued its Orange County Transportation Bond Anticipation Notes (I-405 Improvement Project) (the “*Notes*”) pursuant to the terms of the Indenture dated as of September 1, 2021 (the “*Indenture*”); and

WHEREAS, the all of the outstanding principal amount of the Notes are due and payable on October 15, 2024 (the “*Due Date*”); and

WHEREAS, the Authority has agreed in the Indenture to use its best efforts to issue its bonds to provide funds in an amount equal to the outstanding principal of and accrued interest on the Notes due and payable on the Due Date; and

WHEREAS, in order to help assure the availability of funds for the payment of all of the outstanding principal of the Notes on the Due Date, OCLTA will agree to purchase the Authority’s bonds in an amount not less than the outstanding principal amount of the Notes under the terms of this Agreement.

NOW, THEREFORE, in consideration of the respective agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following capitalized terms have the meanings indicated below unless the context shall clearly indicate otherwise. Other capitalized terms used in this Agreement and not defined in this Agreement shall have the meaning given those terms in the Indenture.

“*Act*” means the means the Local Transportation Authority and Improvement Act, Division 19 (Section 180000 *et seq.*) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Affiliate*” means any other Person controlling or controlled by, or under common control with, the Authority or OCLTA, as applicable. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract or otherwise.

“*Agreement*” means this Standby Bond Purchase Agreement, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“*Amortization End Date*” means, with respect to any Authority Refunding Bond the fifth anniversary of the OCLTA Purchase Date related to such Authority Refunding Bonds.

“*Amortization Payment Date*” means, with respect to any Authority Refunding Bond, (a) the Amortization Start Date (or if the Amortization Start Date is not a Business Day, then the immediately following Business Day) and each first Business Day of each three month period thereafter occurring prior to the Amortization End Date or such other period as agreed to between the Authority and OCLTA, and (b) the Amortization End Date.

“*Amortization Start Date*” means, with respect to any Authority Refunding Bond, the one hundred and eightieth (180th) day following the related OCLTA Purchase Date on which such Notes are purchased under this Agreement.

“*Authority*” has the meaning assigned to that term in the recitals to this Agreement and shall include all permitted successors and assigns.

“*Authorized Denominations*” has the meaning given that term in the Indenture.

“*Authority Refunding Bonds*” means the bonds, notes or other evidence of indebtedness purchased by OCLTA pursuant to Section 2.02 hereof.

“*Authority Refunding Bondholder*” means OCLTA (but only in its capacity as owner (which as used herein shall mean the beneficial owner if at the relevant time Authority Refunding Bonds are held in book entry form) of the Authority Refunding Bonds acquired pursuant to this Agreement) and any other Person to whom OCLTA has sold Authority Refunding Bonds pursuant to Sections 2.04(a), 5.01(f) or 8.02.

“*Authorized Representative*” has the meaning given that term in the Indenture.

“*Available Commitment*” means on any day the outstanding principal amount of and accrued but unpaid interest on the Notes which are initially issued in the principal amount of \$ _____.

“*Book-Entry Notes*” means the Notes so long as the book-entry system with the Depository is used for determining beneficial ownership of the Notes.

“*Business Day*” means any day other than (i) a Saturday, Sunday, or a day on which banking institutions in the State or the State of California or the jurisdiction in which the corporate trust office of the Trustee is located are authorized or obligated by law or executive order to be closed; (ii) a day upon which commercial banks in the city in which the office of OCLTA at which demands for payment under this Agreement are to be presented is located are authorized or obligated by law or executive order to be closed; (iii) a day on which the New York Stock Exchange is closed; or (iv) a day on which the payment system of the Federal Reserve System is not operational.

“*Closing Date*” means September __, 2021.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and temporary, proposed or final regulations from time to time promulgated thereunder.

“*Collateral*” (a) proceeds from draws under the TIFIA Loan Agreement so long as the TIFIA Loan Agreement is in full force and effect; (b) any legally available funds of the Authority except (i) LTF Revenue, (ii) federal grant funds, (iii) any revenues and assets with respect to the SR 91 Express Lanes, and (iv) any revenues received from operation of the freeway callbox system in Orange County and the freeway service patrol; and (c) all revenues, assets or amounts held by the Trustee in the funds and accounts established under the indenture or trust agreement securing the Authority Refunding Bonds, including investment earnings thereon, excluding amounts deposited to the Rebate Fund.

“*Covenant Failure*” has the meaning given that term in Section 7.01(d).

“*Depository*” means The Depository Trust Company, California, California.

“*Dollar,*” and “*\$*” means the lawful currency of the United States of America.

“*Environmental Law*” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Authority directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*Event of Default*” has the meaning given that term in the lead-in paragraph to Article VII.

“*Event of Insolvency*” means the occurrence of one or more of the following events:

(a) the Authority shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to itself or its indebtedness under any bankruptcy, insolvency, reorganization or other similar law for the relief of debtors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or a substantial part of its property (other than pledging all of the Collateral to the Trustee under the Indenture or any acknowledgement thereof or consent thereto), (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) make a general assignment for the benefit of creditors, (iv) admit in writing its inability to pay its indebtedness as it becomes due, or (v) take any official action through its governing board to authorize any of the foregoing; or

(b) any of the following shall occur with respect to the Authority: (i) an involuntary case or other proceeding shall be commenced in a court of competent jurisdiction against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property (other than pledging all of the Collateral to the Trustee under the Indenture or any acknowledgement thereof or consent thereto) and either (A) the Authority shall consent in writing to such action or (B) such case shall not be dismissed within sixty (60) days, (ii) an order for relief shall be entered against the Authority under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other State or federal laws concerning insolvency or of similar purpose, (iii) a final and non-appealable debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the Notes or the Authority Refunding Bonds shall be declared or imposed pursuant to a finding or ruling by the Authority, the United States of America, the State, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Authority, or (iv) the issuance, under any bankruptcy, insolvency, reorganization or other similar law of any state or of the United States of America for the relief of debtors now or hereafter in effect, of an order of rehabilitation, liquidation or dissolution of the Authority.

“*Extended OCLTA Purchase Period*” has the meaning given that term in Section 8.05.

“*Final Payment Date*” means, with respect to any Authority Refunding Bond, the earliest to occur of (i) the Amortization End Date, and (ii) the date that the Available Commitment of OCLTA is permanently reduced to zero or this Agreement is otherwise terminated prior to its Stated Expiration Date.

“*GAAP*” means generally accepted accounting principles in the United States of America as in effect from time to time, applied by the Authority on a basis consistent with the Authority’s most recent financial statements.

“*Governmental Authority*” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, tribunal, agency, bureau, court or entity (including the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority).

“*Hazardous Materials*” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“*Indebtedness*” means and includes all items that would be classified as a liability of the Authority in accordance with GAAP, including, without limitation, (a) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business); (b) obligations as lessee under leases which should have been, or should be, recorded as capital leases in accordance with generally accepted accounting principles; (c) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor against loss; and (d) obligations secured by any mortgage, lien, pledge, security interest or other charge or encumbrance on property, whether or not the obligations have been assumed.

“*Indenture*” has the meaning set forth in the recitals hereof.

“*Lien*” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, capital lease or other title retention arrangement.

“*M2 Revenues*” shall mean the “Sales Tax Revenues” as defined in that certain Master Indenture of Trust between OCLTA and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 1, 2010.

“*Maximum Authority Refunding Bond Interest Rate*” means the lesser of (i) the Maximum Lawful Rate and (ii) eighteen percent (18%) per annum.

“*Maximum Lawful Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law without regard to any filing made by a lender with respect to notice of rates in excess of any statutory or regulatory threshold interest rate.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors and assigns.

“*Notes*” has the meaning assigned to that term in the recitals to this Agreement.

“*Notice of OCLTA Purchase*” means a notice in the form of Exhibit A.

“*OCLTA*” has the meaning assigned to that term in the recitals to this Agreement and shall include all permitted successors and assigns.

“*OCLTA Purchase Date*” means the 5th Business Day prior to the Expiration Date during OCLTA Purchase Period on which OCLTA is required to advance funds for the purchase of Notes pursuant to Section 2.02.

“*OCLTA Purchase Period*” means the period from the Closing Date to and including the earliest of (i) the Stated Expiration Date then in effect, (ii) the date on which no Notes (including Authority Refunding Bonds) are Outstanding, or (iii) the close of business on the date the Available Commitment is reduced to zero or terminated pursuant to Section 2.03.

“*OCLTA Rate*” means, with respect to any Authority Refunding Bond, except as otherwise provided in Section 3.01(b) hereof, the interest rate determined as of the date of purchase of the Authority Refunding Bonds and on each 12 month anniversary thereof equal to the greater of (i) the total interest cost payable by OCLTA with respect to any bonds issued by OCLTA to fund its purchase of the Authority Refunding Bonds on the OCLTA Purchase Date, and (ii) the trailing 12-month total return for the Authority’s short term portfolio as reported annually on the June 30th preceding the Purchase Date, via the Authority’s investment management software.

“*OCLTA Sale Date*” has the meaning given that term in Section 2.04(b).

“*Official Statement*” means the Official Statement (and any documents incorporated therein by reference and any exhibits or attachments thereto and any amendments thereof or supplements thereto) dated August __, 2021, relating to the Notes.

“*Payment Office*” means the wire transfer instructions of OCLTA as described in Section 8.07 hereof.

“*Person*” means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or a political subdivision or an agency or instrumentality thereof.

“*Potential Default*” means the occurrence of any event which, with the passage of time, the giving of notice, or both, would become an Event of Default.

“*Property*” means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired.

“*Purchase Price*” with respect to any Note or portion thereof on an OCLTA Purchase Date therefor, means the unpaid principal amount thereof, without premium.

“*Purchase Termination Date*” means the close of business on the date on which OCLTA is no longer required to purchase Notes pursuant to Section 7.04(a), (b) or (c).

“*RATING AGENCY*” means _____ and its successors and assigns.

“*Rating Agencies*” means (i) RATING AGENCY (to the extent RATING AGENCY is then rating the Notes or the Authority Refunding Bonds, as the context may require), (ii) Moody’s (to the extent Moody’s is then rating the Notes or the Authority Refunding Bonds, as the context may require), or (iii) any successor or additional rating agency (to the extent such successor or additional rating agency is then rating the Notes or the Authority Refunding Bonds, as the context may require at the written request of the Authority with the written consent of OCLTA).

“*Related Documents*” means the Indenture, the Notes, and this Agreement, as the same may be amended or modified from time to time in accordance with their respective terms and the terms hereof.

“*Sale Price*” has the meaning given that term in Section 2.04(b).

“*Security*” means the pledge of the Collateral by the Authority pursuant to the Indenture, together with all other amounts held on deposit in the funds and accounts established thereunder subject to the terms of the Indenture.

“*State*” means the State of California.

“*Stated Expiration Date*” means October 15, 2024.

“*Trustee*” means U.S. Bank National Association and shall include all permitted successors and assigns, and shall further include any trustee appointed for the Notes.

“*Written*” or “*in writing*” means any form of written communication or a communication by means of telex, telecopier or facsimile device, telegraph or cable.

Section 1.02. Interpretation. In this Agreement, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word “including” shall be deemed to be followed by the words “without limitation.” All references to Sections and Exhibits shall be deemed references to Sections of and Exhibits to this Agreement unless the context shall otherwise require.

Section 1.03. Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Agreement shall be made in accordance with GAAP.

ARTICLE II

THE COMMITMENT

Section 2.01. Commitment to Purchase Authority Refunding Bonds. OCLTA agrees, on the terms and conditions contained in this Agreement, to purchase Authority Refunding Bonds, on behalf of and for OCLTA's own account, during OCLTA Purchase Period at the Purchase Price. The aggregate principal amount (or portion thereof) of any Authority Refunding Bond purchased on behalf of OCLTA on any OCLTA Purchase Date shall be an Authorized Denomination applicable to the Authority Refunding Bonds, and in any case the aggregate principal amount of all Authority Refunding Bonds purchased on behalf of OCLTA on any OCLTA Purchase Date shall not exceed the Available Principal Commitment on such date. Any Authority Refunding Bonds so purchased shall thereupon shall, from the date of such purchase bear interest at OCLTA Rate subject to the provisions of Section 2.04(c) and have other characteristics of Authority Refunding Bonds as set forth herein and in the indenture or trust agreement relating to the Authority Refunding Bonds.

Section 2.02. Method of Purchasing. If on the 75th day prior to the maturity of the Notes the Trustee has given notice to the Authority pursuant to the Indenture that it does not have sufficient funds to repay all of the principal of and accrued but unpaid interest on the Notes on their due date, OCTA shall submit to OCLTA a notice substantially in the form of Exhibit A, as the case may be (any such notice to be referred to as a "Notice of OCLTA Purchase"), OCLTA will, during the OCLTA Purchase Period, subject to the satisfaction of the conditions set forth in Section 6.02 hereof, transfer not later than 2:30 p.m. (California City time) on OCLTA Purchase Date to the Trustee, in funds to be available as specified in such Notice of OCLTA Purchase, an amount equal to the aggregate Purchase Price of the Authority Refunding Bonds as set forth in the applicable Notice of OCLTA Purchase. OCLTA shall not have any responsibility for, or incur any liability in respect of, any act, or any failure to act, by the Trustee which results in the failure of the Trustee to credit the appropriate account with funds made available by OCLTA pursuant to this Section 2.02. OCLTA shall purchase any Authority Refunding Bonds it is required to purchase with its own funds and purchase payments shall be made in immediately available funds. Amounts made available hereunder which are not so used to purchase Authority Refunding Bonds will be returned to OCLTA by the Trustee no later than 4:30 p.m. (California City time) on the OCLTA Purchase Date. Amounts held by the Trustee and not returned by the Trustee to OCLTA pursuant to the preceding sentence shall accrue interest, commencing on the OCLTA Purchase Date, equal to the Alternate Base Rate until such date as such amounts shall be returned to OCLTA. Payments by the Authority pursuant to the preceding sentence shall be made upon demand by OCLTA therefor.

OCLTA shall use any legally available funds to purchase the Authority Refunding Bonds, including M2 Revenues, on the OCLTA Purchase Date and shall use its best efforts to issue its bonds, notes or other evidences of indebtedness secured by M2 Revenues on a subordinate basis from OCLTA's outstanding bonds secured on a senior lien basis (such subordinate lien indebtedness to be issued with substantially the same terms as set forth in Exhibit D attached hereto and incorporated herein) the proceeds of which along with other legally available funds of OCLTA shall be in an amount equal to the purchase price of the Authority Refunding Bonds. So long as

the Notes are outstanding, OCLTA will not issue bonds, notes or other evidences of indebtedness secured by M2 Revenues on a subordinate basis from OCLTA's outstanding bonds secured on a senior lien basis.

Section 2.03. Reduction of Commitment.

(a) *Mandatory Reduction of Commitment.* Upon receipt by OCLTA of notice of any redemption, repayment, defeasance or other payment or deemed payment pursuant to the Indenture of all or any portion of the principal amount of the Notes so that said Notes shall have ceased to be Outstanding under the Indenture the aggregate Available Commitment of OCLTA shall automatically be reduced by the principal amount of said Notes so redeemed, repaid, defeased or otherwise deemed paid. The Trustee shall cause written notice of such redemption, repayment, defeasance, other payment or conversion to be promptly delivered to OCLTA.

(b) *Expiration of OCLTA Purchase Period.* The Available Commitment shall automatically terminate at 5:00 p.m. (California City time) on the date of expiration of OCLTA Purchase Period.

(c) *No Other Termination.* Except as specifically provided in this Section 2.03 or otherwise in Article VII, no Person shall have the right to reduce or terminate the Available Commitment.

Section 2.04. Sale of Authority Refunding Bonds. OCLTA expressly reserves the right to sell, at any time, Authority Refunding Bonds subject, however, to the express terms of this Agreement. OCLTA agrees that such sales will be made only to institutional investors or other entities that customarily as part of their business purchase commercial paper or tax-exempt securities in large denominations. OCLTA agrees to promptly notify the Trustee and the Authority in writing of any such sale and shall provide the Trustee and the Authority with the written agreement of each transferee (A) acknowledging the terms of this Agreement relating to its purchase of Notes, (B) acknowledging that there is no short-term investment rating assigned to such Bond so long as it remains a Authority Refunding Bond, (C) agreeing not to sell such purchased Authority Refunding Bond except for sales to OCLTA and sales to institutional investors or other entities that customarily as part of their business purchase commercial paper or tax-exempt securities in large denominations which agree to be bound by the sale restrictions of this Section 2.04, (D) agreeing that such Bond is subject to sale, and may cease to be a Authority Refunding Bond, as provided in this Section 2.04, and providing instructions for how to notify such transferee of such sale, and (E) acknowledging that so long as such Bond remains an Authority Refunding Bond, OCLTA is not obligated to purchase it hereunder.

Section 2.05. Security. The Authority and OCLTA intend that the payment of principal and interest on Authority Refunding Bonds and the payment of all other obligations due and owing to OCLTA under this Agreement shall, in all events, have the benefit and security of the Indenture or such other indenture or trust agreement relating to the Authority Refunding Bonds, as provided therein. The payment of principal and interest on Authority Refunding Bonds shall be secured in accordance with and subject to the terms of the Indenture or such other indenture or trust agreement

relating to the Authority Refunding Bonds on an equal and ratable basis and are superior in all respects to any pledge and lien for Subordinate Obligations.

ARTICLE III

INTEREST RATES; PAYMENTS

Section 3.01. Notes to Bear Interest at OCLTA Rate; Other Interest Provisions.

(a) *OCLTA Rate.* Any Bond purchased by OCLTA pursuant to this Agreement shall thereupon become an Authority Refunding Bond and shall bear interest at the OCLTA Rate for the period commencing from the date that OCLTA shall have purchased said Bond and, subject to Section 2.04(c), continuing until said Bond is paid in full. Payments by the Authority pursuant to this Section 3.01(a) shall be made upon demand therefor made by OCLTA to the Authority and the Trustee. The failure of OCLTA to give any notice shall not limit or otherwise affect the obligation of the Authority to pay interest on Authority Refunding Bonds at the rates specified in this Section 3.01.

(b) *Default Rate.* If the principal or interest of any Authority Refunding Bond or any other obligation of the Authority under this Agreement (including, to the extent permitted by law, any interest payment required thereunder) is not paid when due (whether by redemption or otherwise), such overdue payment or other obligation shall bear interest from the date such amount or other obligation, as the case may be, was due until paid in full (after as well as before judgment) at the Default Rate. Payments by the Authority pursuant to this Section 3.01(b) shall be made upon demand therefor made by OCLTA to the Authority and the Trustee. If at any time an Event of Default has occurred and is continuing, the principal amount of any Authority Refunding Bond or any other obligation of the Authority under this Agreement (including, to the extent permitted by law, any interest payment required thereunder) shall bear interest from the date such principal amount or other obligation, as the case may be, was due until paid in full (after as well as before judgment) at the Default Rate, such interest to be payable on demand.

(c) *Deferred Interest.* For any period during which Authority Refunding Bonds are outstanding and as to each monthly interest period, in the event that the amount of interest which would be payable on Authority Refunding Bonds (calculated, with respect to Authority Refunding Bonds at the OCLTA Rate, but expressly disregarding for purposes of this subsection (c) the limitation contained in the definition of “OCLTA Rate” that such rate shall not exceed the Maximum Authority Refunding Bond Interest Rate, exceeds the Maximum Authority Refunding Bond Interest Rate, the amount of such excess shall not be payable on the Interest Payment Date for such monthly interest period as interest on such Authority Refunding Bonds, but shall be deferred (“Deferred Interest”). Deferred Interest shall be allocated among Authority Refunding Bonds outstanding on such Interest Payment Date based upon the principal amount thereof and the length of time such Authority Refunding Bonds were outstanding during the monthly interest period related to such Interest Payment Date. Deferred Interest arising on any Interest Payment Date shall become payable on the next succeeding Interest Payment Date or Dates to the extent the interest (including Deferred Interest) payable on Authority Refunding Bonds for the monthly interest period ending on such Interest Payment Date does not exceed the Maximum Authority

Refunding Bond Interest Rate for such monthly interest period. All amounts of interest payable on an Authority Refunding Bond, including without limitation, Deferred Interest, for so long as such Bond shall remain an Authority Refunding Bond, shall constitute interest on such Bond. To the extent Deferred Interest shall be unpaid with respect to Authority Refunding Bonds, and such Notes shall be redeemed or remarketed or shall otherwise cease to be Authority Refunding Bonds, such unpaid Deferred Interest shall be converted into a fee payable to OCLTA (herein, the “*Deferred Interest Fee Amount*”) and shall bear interest at a rate per annum equal to OCLTA Rate payable on the next succeeding Interest Payment Date. Payments by the Authority pursuant to this Section 3.01(c) shall be made upon demand therefor by OCLTA to the Authority and the Trustee, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof.

Section 3.02. Maturity; Interest. The Authority agrees that, with respect to each Authority Refunding Bond, (i) such Authority Refunding Bond shall be paid in full no later than the Final Payment Date, if not earlier required to be paid under this Agreement; (ii) the interest on the unpaid amount of each such Authority Refunding Bond from and including the OCLTA Purchase Date shall be computed at a rate per annum equal to OCLTA Rate as determined pursuant to Section 3.01; and (iii) interest payable pursuant to clause (ii) shall be due and payable (A) monthly in arrears on the first Business Day of each calendar month, (B) upon redemption (to the extent of the interest accrued on the amount being redeemed), and (C) on the Final Payment Date. Each demand for payment pursuant to this Section 3.02 shall be accompanied by a certificate of an officer of OCLTA in reasonable detail setting forth the computation of such amount, which certificate shall be conclusive, absent manifest error, and such demand shall be paid by the Authority upon demand by OCLTA.

Section 3.03. Amortization of Authority Refunding Bonds. (a) Outstanding Authority Refunding Bonds shall be subject to amortization in 20 equal (or early equal) quarterly installment of principal or such other amortization schedule as agreed to between the Authority and OCLTA, or mandatory redemption or purchase in full on the date which the fifth anniversary following the OCLTA Purchase Date on which such Authority Refunding Bonds are purchased hereunder.

Section 3.04. Computations; Payments. (a) Interest (including interest at the Default Rate) and other amounts payable to OCLTA hereunder, including interest on Authority Refunding Bonds, shall be computed on the basis of a 365-day or 366-day year, as applicable and actual days elapsed. Except as provided in Section 2.02, any payments received by OCLTA later than 3:30 p.m. (California City time) on any day shall be deemed to have been paid on the next succeeding Business Day. All payments to OCLTA hereunder shall be made in Dollars and in immediately available funds. Unless OCLTA shall otherwise direct, all such payments shall be made as set forth herein.

(b) Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. Any computation of the amounts due under this Article III, including, without limitation, OCLTA Rate and Deferred Interest in connection with Authority Refunding Bonds, but excluding the computation of amounts required to be determined pursuant to the Indenture, shall be the obligation of the Authority and shall, absent manifest error, be binding on the Authority and the Trustee.

(c) Payments (other than remarketing proceeds) received by OCLTA from the Authority under this Agreement shall be applied, first, to any fees, costs, charges or expenses payable by the Authority to OCLTA under this Agreement; second, to past due interest; third, to current interest; and fourth, to principal.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY

Section 4.01. Representations of the Authority. The Authority makes the following representations and warranties to OCLTA as of the Closing Date and as of the effective date of any extension of the Stated Expiration Date (which representations and warranties shall survive the execution and delivery of this Agreement and any purchases of Authority Refunding Bonds):

(a) *Existence.* The Authority is a regional transportation authority duly organized and validly existing under the laws of the State, including the Act, with full right and power (i) to issue the Notes, (ii) to own its properties and to carry on its activities as now conducted and as contemplated to be conducted in connection with the issuance of the Notes and the execution, delivery and performance of its obligations under the Related Documents and this Agreement, (iii) to execute, deliver and perform its obligations under the Related Documents and this Agreement, and (iv) to provide for the security of the Notes pursuant to the Act and the Indenture; and the Authority has complied with all provisions of applicable law, including the Act, in all matters related to such actions of the Authority as are contemplated by the Related Documents and this Agreement.

(b) *Authorization; Contravention.* The execution, delivery and performance by the Authority of this Agreement and each other Related Document are within the Authority's powers, have been duly authorized by all necessary action, and do not and will not conflict with, or result in a violation of, any provision of law, including the Act, or any order, writ, judgment, injunction, decree, award, law, rule or regulation of any court or governmental agency or instrumentality binding upon or applicable to the Authority, and do not and will not conflict with, result in a violation of, or constitute a default under, any resolution, agreement or instrument to which the Authority is a party or by which the Authority or any of its property is bound, or result in the creation or imposition of any lien on, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Authority is a party or by which it or any of its property is bound, except for the lien on Collateral set forth in the Indenture.

(c) *Binding Effect.* (i) This Agreement and the other Related Documents constitute valid and binding agreements of the Authority, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies local transportation authorities in the State.

(ii) The Indenture creates the pledge, lien and assignment which it purports to create to secure the Notes (including Authority Refunding Bonds), as and to the extent provided

in the Indenture and the Authority has not pledged or granted a lien, security interest or other encumbrance of any kind on the security pledged to the Notes that is senior or superior to the pledge in favor of the Notes or the Authority Refunding Bonds. Each of the statements set forth in Section 2.08 of this Agreement is true and correct.

(d) *No Consent or Approval.* No consent, approval, permit, authorization or order of, or registration or filing with, any court or governmental agency, authority or other instrumentality not already obtained, given or made is required on the part of the Authority for the execution, delivery and performance by the Authority of the Related Documents or this Agreement.

(e) *Financial Information.* (i) The audited financial statements of the Authority for the fiscal year ended June 30, 2020, as heretofore delivered to OCLTA, are, as of the Closing Date, complete and correct and fairly present the financial position of the Authority at the end of such fiscal year and the results of operations for the year then ended, and have been prepared in conformity with GAAP, consistently applied.

(ii) As of the Closing Date, except as otherwise disclosed to OCLTA in writing by the Authority, since June 30, 2020 there has been no material adverse change in the business, assets, condition, financial position, results of operations, properties, revenues or prospects of the Authority.

(f) *Litigation.* There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental agency or authority, or other board, body or official, pending or, to the best knowledge of the Authority, threatened against or affecting the Authority, questioning the validity of the Act or any proceeding taken or to be taken by the Authority in connection with the execution, delivery and performance by the Authority of the Related Documents or this Agreement, or otherwise involving or affecting the Authority, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Authority of any of the foregoing, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity of the Act or any provision thereof material to the transactions contemplated by this Agreement, the Indenture or the other Related Documents, (ii) the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, the Indenture, the other Related Documents or this Agreement or the validity, enforceability or perfection of the pledge of and lien on the Collateral under the Indenture, or (iii) the ability of the Authority to conduct its activities as presently conducted or as proposed or contemplated to be conducted under the terms of this Agreement, the Indenture and the other Related Documents.

(g) *No Governmental Fees.* To the best knowledge of the Authority, neither the execution, delivery nor performance by OCLTA of this Agreement or any of the other Related Documents will give rise to any tax, including without limitation any stamp tax, or any fee of any State agency or government body in or of the State or under federal laws or regulations.

(h) *No Default.* The Authority is not in default under (i) the Act, (ii) any order, writ, injunction or decree of any court or Governmental Agency applicable to or binding on it or any of its properties, (iii) any law or regulation, (iv) any of its Indebtedness, (v) any contract, agreement

or instrument to which it is a party or by which it or its property is bound, in each case, which default could have a material adverse effect on the business, assets, condition, financial position, results of operations, properties, revenues or prospects of the Authority or an adverse effect on the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, this Agreement and the Related Documents to which it is a party; and no event has occurred which with the giving of notice or the passage of time or both would constitute a default. No event, act or omission has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute an Event of Default.

(i) *Official Statement.* The Official Statement, a true copy of which has heretofore been delivered to OCLTA, was prepared with respect to the Notes. In addition, all amendments or supplements to the Official Statement prepared prior to the Closing Date have also been delivered to OCLTA. The Official Statement, as of its date, did not contain any untrue statement of a material fact with respect to the Authority, and did not omit to state a material fact with respect to the Authority necessary to make the statements therein with respect to the Authority, in light of the circumstances under which they were made, not misleading. If the Authority, subsequent to the Closing Date, prepares any amendments, supplements or replacement to the Official Statement containing information about the Authority, the Authority will provide a true copy to OCLTA, and such Official Statement, as of its date, will not contain any untrue statement of a material fact with respect to the Authority, and will not omit to state a material fact with respect to the Authority necessary to make the statements therein with respect to the Authority, in light of the circumstances under which they were made, not misleading; *provided* that no representation is made as to information with respect to any party other than the Authority included therein.

(j) *Pending Legislation.* (i) As of the Closing Date, the Authority knows of no legislation pending that could, if enacted, affect the validity or enforceability of this Agreement or the Related Documents, or the ability of the Authority to perform its obligations hereunder or under the Related Documents, and (ii) no legislation has been enacted which in any way adversely affects the Notes or the execution, delivery or performance of this Agreement or the Related Documents or the creation, organization or existence of the Authority or the titles to office of any officers thereof, or the power of the Authority to carry out its obligations under this Agreement or the Related Documents or the ability of the Authority to perform its obligations hereunder or under the Related Documents.

(k) *Environmental Laws.* The Authority and its property (i) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (ii) have not received notice to the effect that any of the Authority's property or its operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, and (iii) to the best of the knowledge of the Authority, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (i), (ii) and (iii) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to adversely affect the security for any of the Notes, or the Authority's ability to pay when due its obligations under, or the validity

or enforceability of, this Agreement, the Notes or any of the other Related Documents to which it is a party, or materially adversely affect the business, assets, condition, financial position, results of operations, properties, revenues or prospects of the Authority. The Authority agrees that any Person with whom the Authority enters into a project contract with respect to the Authority's properties will agree to act in accordance with the terms of this subsection as to the Authority's properties.

(l) *Trustee.* [Trustee] is the duly appointed and acting Trustee with respect to the Notes.

(m) *No Existing Right to Accelerate.* As of the Closing Date, no Person has a right under any indenture or any supplemental indenture relating to any Notes or any other document or agreement relating to any Notes to direct the Trustee or any other Person to declare the principal of and interest on any Notes to be immediately due and payable.

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.01. Covenants of the Authority. During the term of this Agreement, and until the obligations of the Authority to OCLTA hereunder are paid in full including full payment of Authority Refunding Bonds, and OCLTA has no further commitment hereunder, unless OCLTA shall otherwise consent in writing, the Authority covenants and agrees as follows:

(a) *Information.* The Authority will deliver to OCLTA:

(i) as soon as practicable and, in any event, within 210 days after the end of each fiscal year of the Authority, a balance sheet of the Authority as at the end of such fiscal year and statements of operations and fund balances and cash flows and changes in financial position for the fiscal year then ended, all in reasonable detail prepared in accordance with GAAP consistently applied and any applicable regulations accompanied by a report and opinion of the Authority's independent accountants (who shall be of nationally recognized standing) which report and opinion shall have been prepared in accordance with GAAP, together with the audit report of such independent certified public accountants (which report shall not be qualified as to the conduct of such audit in accordance with generally accepted auditing standards). In addition, the chief executive officer, chief financial officer, treasurer or executive director of the Authority shall deliver to OCLTA within said period of 210 days a certificate, substantially in the form of Exhibit E, (i) stating that nothing has come to his attention to lead him to believe that any Event of Default hereunder exists or, if such is not the case, specifying such Event of Default and the nature thereof;

(ii) as soon as practicable and, in any event, within 60 days after the end of each fiscal quarter of the Authority, the Authority shall provide to OCLTA the unaudited statement of revenue and expenditures of the general fund of the Authority for the preceding fiscal quarter and for the year to date, in each case, in reasonable detail and

subject to year-end adjustment, in format similar to the information provided in clause (i) above, comparing such information to the same periods in the prior fiscal year, r;

(iii) as soon as practicable after adoption by the governing body of the Authority, and, in any event within thirty (30) days of the adoption thereof, the approved budget of the Authority for the upcoming fiscal year;

(iv) promptly, and in any event within five (5) Business Days after the Authority shall have obtained knowledge, of the occurrence of an Event of Default, the written statement of an authorized officer of the Authority setting forth the details of each such Event of Default and the action which the Authority proposes to take with respect thereto;

(v) as soon as possible but, in any event, within 30 days after the issuance thereof, copies of any prospectus, official statement, offering circular, placement memorandum or similar or corresponding document, and any supplements thereto and updates and amendments thereof, that the Authority makes available in connection with the offering for sale of any securities of which it is the issuer, and, on OCLTA's reasonable request, to the extent not duplicative of items delivered pursuant to subsection (x) below, copies of all annual reports, and notices of filing of all other reports, that the Authority may be required to file with any governmental commission, department, board, bureau or agency, Federal or State;

(vi) promptly, notice of any change, suspension or withdrawal in the ratings on the Notes or the Authority Refunding Bonds, by Moody's or RATING AGENCY forthwith upon the occurrence thereof;

(vii) promptly, notice of the failure of the Authority to make a payment under any other Indebtedness of the Authority;

(viii) promptly (i) notice of the failure by the Trustee to perform any of their respective obligations under the Related Documents to which such entity is a party, (ii) notice of any proposed substitution of this Agreement, and (iii) notice of any resignation or removal of the Trustee;

(ix) promptly upon receipt of the written request therefor from OCLTA, copies of all management letters of substance and other reports of substance that are submitted to the Authority by its independent accountants in connection with any annual or interim audit of the books of the Authority made by such accountants;

(x) promptly, after the filing thereof, any material event notices or other filing required to be filed pursuant to Securities and Exchange Commission Rule 15c2-12 or pursuant to any continuing disclosure agreement entered into by the Authority relating to an adverse (including preliminary) determination as to the tax exempt status of the Notes or other events affecting the tax exempt status of the Notes as required by the provisions of said Rule;

(xi) promptly, notice of any redemption, repayment or other payment of any or all of the Notes;

(xii) promptly, notice of any proposed amendments to Related Documents and copies of all actual amendments thereto; and

(xiii) from time to time such other information with respect to the affairs, properties, business, revenues, condition (financial or other), results of operations or prospects of the Authority or with respect to the Notes and the transactions contemplated hereby and by the Related Documents as OCLTA may from time to time reasonably request.

(b) *No Amendment Without Consent of OCLTA.* Subject to Section 5.01(e), the Authority will not agree or consent to any amendment, supplement or modification of any Related Document, nor waive any provision thereof, in any manner which would materially and adversely affect OCLTA, without the prior written consent of OCLTA.

(c) *Trustee.* The Authority shall not appoint any Person to perform the duties of the Trustee in accordance with the terms of the Indenture, without the consent of OCLTA, which consent shall not be unreasonably withheld.

(d) *Incorporation of Covenants by Reference.* The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Indenture and the other Related Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that (A) any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person and (B) any such waiver or consent or acceptance of a document, opinion or other instrument would adversely affect the interests of OCLTA, for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to in writing by OCLTA and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to OCLTA. Without the written consent of OCLTA, no amendment to such covenants and agreements or defined terms made pursuant to any certificate or any other Related Document shall be effective to amend such covenants and agreements and defined terms as incorporated by reference herein.

(e) *Reserved.*

(f) *Maintenance of Books and Records.* The Authority will keep proper books of record and account in which full, true and correct entries in accordance with GAAP will be made of all dealings or transactions in relation to its business and activities.

(g) *Access to Officers, Employees or Agents.* The Authority will permit its officers, employees and agents to discuss with OCLTA matters pertinent to an evaluation of the credit of

the Authority, all at such reasonable times as OCLTA may reasonably request and at the expense of the Authority upon and during the continuance of an Event of Default.

(h) *Inspection of Records.* At any reasonable time and upon reasonable prior notice from time to time, and at the expense of the Authority upon and during the continuance of an Event of Default, the Authority shall permit OCLTA or any agents or representatives thereof designated in writing (i) to visit and inspect any of the properties of the Authority, and to discuss the affairs, finances and accounts of the Authority with, and to be advised as to the same by, the principal officers and employees of the Authority and its independent public accountants, all at such reasonable times during normal business hours and as often as OCLTA may reasonably request, and (ii) to review and inspect the corporate books and financial records of the Authority and to make copies thereof and extracts therefrom.

(i) *Compliance with Law.* The Authority shall comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards of any court or Governmental Agency, which are applicable to the Authority or any of its properties; *provided, however,* that the Authority may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the validity or enforceability of, or the power and authority of the Authority to perform its obligations under, this Agreement and the Related Documents to which it is a party.

(j) *Proceeds of Notes.* The proceeds of the Notes and the purchase of the Authority Refunding Bonds will be used by the Authority solely for the purposes described in the Indenture.

(k) *Payment of Obligations.* (i) The Authority shall take such action as necessary to cause payment of the Notes and Authority Refunding Bonds, and shall take such further action as is appropriate in order to provide for payment of any and all of its obligations hereunder and under all of the Related Documents, including, without limitation, including such amounts in its budget as and to the extent applicable.

(ii) The Authority shall pay (a) all indebtedness and obligations of the Authority in accordance with the terms thereof and (b) all assessments or other governmental charges as the same respectively become due, all taxes, assessments (general or special) and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to any of its or its businesses, property, revenues and assets or any interest thereon and promptly discharge or cause to be discharged all liens, encumbrances and charges on such businesses, property, revenues and assets.

(l) *Further Assurances.* From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as OCLTA may reasonably request for the purposes of implementing or effectuating the provisions of this Agreement and each of the Related Documents. Except to the extent it is exempt therefrom, the Authority will pay or cause to be paid all filing, registration and recording fees incident to such

filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance.

(m) *Preservation of Existence.* The Authority will not directly or indirectly:

(i) Terminate, wind up, liquidate or dissolve its affairs or sell, transfer, convey or lease (whether in a single transaction or a series of transactions) all or any substantial part of its properties or assets.

(ii) Consolidate or merge with or into any other corporation, organization, partnership, association, government, political subdivision, public benefit corporation or other entity, including an individual, unless:

(A) neither the validity nor enforceability of the the Notes or the Indenture shall be adversely affected thereby;

(B) such merger or consolidation shall be with or into another body politic and corporate, which shall assume in writing or by operation of law, the due and punctual performance and observance of all covenants, agreements and conditions of the Fifth Supplemental Indenture, the Notes, the Indenture and this Agreement;

(C) the pledge of the Security shall remain in full force and effect with respect to the Notes (including Authority Refunding Bonds) and the other obligations of the Authority under this Agreement and the priority of such pledge shall remain the same as in effect prior to such merger or consolidation;

(D) the long-term ratings on the Notes by RATING AGENCY, Moody's and _____ (to the extent each such Rating Agency is then rating the Notes) shall remain the same as in effect prior to such merger or consolidation;

(E) no Event of Default will have occurred and be continuing, both before and after giving effect to such merger or consolidation; and

(F) such merger or consolidation shall not have a material adverse effect on the Notes, this Agreement or any other Related Document or otherwise to the operations, affairs, properties, condition (financial or otherwise) or prospects of the Authority, as determined by OCLTA, in its sole discretion.

At least thirty (30) days before the consummation of any such consolidation or merger, the Authority shall give notice thereof in reasonable detail to OCLTA. The Authority promptly shall furnish such additional information with respect to any such consolidation or merger as OCLTA shall request and, if OCLTA shall so request, an opinion of counsel satisfactory to OCLTA, in form and substance satisfactory to OCLTA, as to the matters set forth in subparagraphs (A), (B), (C), (E) and (F) of this subsection (q)(ii).

(n) *Liens, Etc.* The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Indenture except those Liens specifically permitted under the Indenture. The Authority shall not create any pledge, lien or charge upon any of the Collateral having priority over or having parity with the lien of the Notes or the Authority Refunding Bonds.

(o) *Actions.* The Authority shall not take any action, or cause the Trustee to take any action, under the Related Documents inconsistent with the rights of OCLTA under this Agreement including, without limitation, its obligations to make payments to OCLTA, without the prior written consent of OCLTA.

(p) *Disclosure.* The Authority shall not refer to OCLTA in any official statement or make any changes in reference to OCLTA in any official statement without OCLTA's prior written consent thereto. OCLTA hereby consents to the inclusion of the disclosure information describing OCLTA that has been specifically provided for purposes of the Official Statement.

(q) *Additional Obligations.* Except for the Notes and the Authority Refunding Bonds, the Authority shall not issue any obligations or securities payable in whole or in part from the Collateral.

(r) *Reserved.*

(s) *Accounting Methods and Fiscal Year.* The Authority shall not adopt, permit or consent to any change in accounting practices other than as required by GAAP and will not adopt, permit or consent to any change in its fiscal year unless it provides prior written notice of such change to OCLTA.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.01. Conditions to OCLTA's Entering into Agreement. It shall be a condition precedent to OCLTA's entering into this Agreement that all proceedings taken in connection with the transactions contemplated hereby and all documents incident thereto including the Related Documents shall be in form and substance satisfactory to OCLTA and that the conditions enumerated in this Section 6.01 have been fulfilled to the satisfaction of OCLTA and its counsel. Delivery by OCLTA of fully executed signature pages to this Agreement shall constitute acknowledgment and acceptance by OCLTA that all such conditions have been met or waived.

(a) *Representations.* On the date of the execution and delivery of this Agreement: (i) there shall exist no Event of Default; (ii) all representations and warranties made by the Authority herein or in any of the Related Documents to which it is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time; (iii) the statements made by the Authority in this Agreement, in any of the Related Documents and in the information contained in the unaudited quarterly financial information of the Authority delivered to OCLTA pursuant to Section 6.01(b)(xii) hereof, in connection with this

Agreement are accurate in all material respects as of the Closing Date and the foregoing documents furnished to OCLTA by or on behalf of the Authority were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the Closing Date, represent the Authority's best estimate of its future financial performance; however, the parties acknowledge that there is no guarantee that the assumptions used therein will not be wrong to a material extent; and (iv) on the Closing Date, after giving effect to the transactions contemplated by this Agreement and the other Related Documents to which it is a party, the Property (including, without limitation, the Collateral when and as received) of the Authority will not be less than the probable liability on its debts as such debts become due, and the Authority expects to have reasonably sufficient revenues to conduct its business.

(b) *Supporting Documents.* On or prior to the date of the execution and delivery of this Agreement, OCLTA shall have received, in form and substance satisfactory to OCLTA, the following:

- (i) true and complete executed originals of this Agreement;
- (ii) copies of the Indenture and each other Related Document not specified in (i) above;
- (iii) certified copies of the resolutions of the Authority approving this Agreement, the Related Documents and the other matters contemplated hereby (which certificate shall state that such resolutions are in full force and effect as of the Closing Date);
- (iv) originals (or copies certified to be true copies by the Authority) of all governmental and regulatory approvals, if any, at the time necessary for the Authority with respect to this Agreement and the transactions contemplated hereby;
- (v) signature and incumbency certificates, dated the date of the execution and delivery of this Agreement, of the signatures of the officers of the Authority executing this Agreement and the Related Documents to which it is a party and which are being delivered on the date of this Agreement;
- (vi) a certificate of the Authority, dated the date of the execution and delivery of this Agreement, to the effect set forth in Section 6.01(a) and covering such other matters as OCLTA may reasonably request;
- (vii) a certificate of the Authority, dated the date of the execution and delivery of this Agreement, certifying and attaching true and complete copies of each of the applicable Related Documents, together with all amendment and modifications thereto;
- (viii) signature and incumbency certificates, dated the date of the execution and delivery of this Agreement, of the signatures of the officers of the Trustee;

(ix) a certificate of the Trustee, dated the date of the execution and delivery of this Agreement, covering such matters as OCLTA may reasonably request;

(x) executed legal opinions, dated the date of the execution and delivery of this Agreement, addressed to OCLTA and in form and substance satisfactory to OCLTA (A) of Bond Counsel covering such matters as OCLTA may reasonably request, including without limitation, a reliance letter from Bond Counsel confirming that OCLTA may rely on the final approving opinion delivered by Bond Counsel in connection with the issuance of the Notes, (B) of counsel to the Authority covering such matters as OCLTA may reasonably request, and (C) of counsel to the Trustee covering such matters as OCLTA may reasonably request; and

(xi) such other documents, instruments, approvals (and, if requested by OCLTA, certified duplicates of executed copies thereof) or opinions as OCLTA may reasonably request.

(c) *Ratings.* OCLTA shall have received (i) satisfactory evidence that the Notes shall have been assigned a long-term rating of not less than “__” by RATING AGENCY and “__” by Moody’s.

(d) *No Material Adverse Effect or Change.* In the sole judgment of OCLTA, (i) since the most recent date on which the Authority has supplied information, financial or otherwise, to OCLTA, there has been no event which materially adversely affects the issuance of the Notes, the security for the Notes or the Authority’s ability to repay when due its obligations under this Agreement and the Related Documents and (ii) since June 30, 2020, in the judgment of OCLTA, there has been no material adverse change or disruption in the financial banking or capital markets for liquidity facilities similar in nature to the facility contemplated by this Agreement.

Section 6.02. Conditions Precedent to Purchase. The obligation of OCLTA to purchase Authority Refunding Bonds hereunder is subject to OCLTA receiving the Notice of OCLTA Purchase as provided in Section 2.02 hereof.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

The occurrence of any of the events set forth in Sections 7.01 shall constitute an event of default (each, an “*Event of Default*”). Upon the occurrence of an Event of Default (as hereinafter defined), OCLTA may exercise those rights and remedies provided in Section 7.03.

Section 7.01. Events of Default.

(a) *Payments.* The Authority shall fail to pay when due (i) principal or interest on Authority Refunding Bonds which has become due and payable, or (ii) any amounts owed by the Authority to OCLTA pursuant to this Agreement (other than as described in clause (i) above) and any such failure solely in the case of this clause (ii) is not cured within three (3) Business Days.

(b) *Representations.* Any representation or warranty (other than the representations and warranties contained in Sections 4.01(v) and 4.01(w) hereof) made by or on behalf of the Authority in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall prove to have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) *Covenants.* The Authority shall fail to perform or observe any term, covenant or agreement (other than ones described in any other paragraph of this Section 7.01) contained in (or otherwise incorporated into) this Agreement (each a “*Covenant Failure*”) which failure continues for thirty (30) days or more; *provided* that such Covenant Failure shall not constitute an Event of Default hereunder until such failure continues for sixty (60) days if (i) the Authority provides satisfactory evidence to OCLTA that such Covenant Failure is able to be cured within sixty (60) days of the occurrence of the Covenant Failure, (ii) the Authority provides reasonable assurances to OCLTA that the Covenant Failure will be cured within sixty (60) days of the occurrence of the Covenant Failure and (iii) the Authority provides satisfactory evidence to OCLTA that the Authority has commenced the process required to cure such Covenant Failure within ten (10) days of the occurrence of such Covenant Failure.

(d) *Debt.* (i) Default by the Authority in the payment of any amount due in respect of any Indebtedness payable to OCLTA as and when the same shall become due, or (ii) default by the Authority in the payment of any amount due in respect of any other Indebtedness in an aggregate amount in excess of \$5,000,000 as and when the same shall become due, or (iii) (A) default under any mortgage, agreement or other instrument under or pursuant to which such Indebtedness is incurred or issued, and continuance of such default beyond any period of grace allowed with respect thereto, or (B) the occurrence of any act or omission by the Authority under any such mortgage, agreement or other instrument which, in the case of either (A) or (B), results in any amount of such Indebtedness (if such Indebtedness is a Indebtedness payable to OCLTA) or in excess of \$5,000,000 of such Indebtedness (with respect any other Indebtedness) becoming, or being capable of becoming, immediately due and payable.

(e) *Invalidity.* Any provision of this Agreement, the Notes or any other Related Document shall cease to be valid and binding, or the Authority shall contest any such provision, or the Authority or any authorized agent or trustee on behalf of the Authority, shall deny that it has any further liability under any provision of this Agreement, the Notes or any other Related Document.

(f) *Other Documents.* The occurrence of any default beyond the period of grace, if any, allowed with respect thereto under any Related Document other than this Agreement.

(g) *Financial Emergency.* There shall be appointed or designated with respect to the Authority, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

(h) *Event of Taxability.* One or more attachments against the property of the Authority, the operation or result of which, individually or in the aggregate, equal or exceed \$5,000,000 shall remain unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days.

(i) *Event of Insolvency.* The occurrence of an Event of Insolvency.

Section 7.02. Certain Other Matters. No failure or delay on the part of OCLTA in exercising any right, power or privilege hereunder and no course of dealing shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which OCLTA would otherwise have. No notice to or demand on the Authority or any other Person hereto in any case shall entitle the Authority or such other Person to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of OCLTA to any other or further action in any circumstances without notice or demand.

Section 7.03. Remedies. Upon the occurrence and during the continuance of an Event of Default under this Agreement as provided in Section 7.01 hereof, OCLTA shall be entitled to exercise all remedies available at law or equity; provided in no event shall OCLTA be entitled to terminate its obligation to purchase Authority Refunding Bonds as provided in Section 2.01 hereof.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Changes to Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the parties hereto. The Trustee shall give notice to RATING AGENCY, _____ and Moody's, if then rating the Notes, of any amendments to this Agreement.

Section 8.02. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; *provided, however,* that the Authority may not assign or transfer any of its rights or obligations hereunder without the prior written consent of OCLTA; and *provided, further, however,* with respect to OCLTA, no assignment shall occur and become effective until each of RATING AGENCY, _____ and Moody's, if then rating the Notes, has confirmed in writing that such assignment shall not cause the lowering, withdrawal or suspension of any ratings then existing on the Notes. OCLTA may disclose to any assignee or prospective assignee any information or other data or material in OCLTA's possession relating to this Agreement, any Related Document and the Authority, without the consent of or notice to the Authority. OCLTA shall have the right at any time to grant participations in all or part of its obligations hereunder and the obligations of the Authority hereunder to any other institutional purchaser (the "*Participants*") without the consent of or notice to the Authority or any other Person; *provided, however,* that notwithstanding anything herein to the contrary, OCLTA shall not grant participations in all or part of its obligations hereunder unless such participation is subject in all cases to the provisions of this Agreement; and *provided, further* that any such participation shall not relieve OCLTA from any of its obligations

under this Agreement and the Authority and the Trustee may deal exclusively with OCLTA for all purposes of this Agreement (including the making of all payments on Authority Refunding Bonds). OCLTA may disclose to any Participant or prospective Participant any information or other data or material in OCLTA's possession relating to this Agreement, any Related Document and the Authority, without the consent of or notice to the Authority.

Section 8.03. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

Section 8.04. Submission to Jurisdiction; Waiver of Jury Trial; Judicial Reference.

(a) *Submission to Jurisdiction.* With respect to any suit, action or proceedings relating to this Agreement ("*Proceedings*"), each party irrevocably: (i) submits, to the fullest extent permitted by applicable law, to the exclusive jurisdiction of each of the courts of the State of California and the United States District Court located in the Southern District of California; *provided* that the parties agree to the extent either such court shall have competent jurisdiction, that the parties shall first designate the United States District Court located in the Southern District of California as the site of such suit, action or proceeding; and (ii) waives, to the fullest extent permitted by applicable law, (1) any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, (2) any claim that such Proceedings have been brought in an inconvenient forum and (3) the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party and agrees that neither party shall bring Proceedings in any other jurisdiction.

(b) *Waiver of Jury Trial.* The extent permitted by law, OCLTA, the Trustee and the Authority each hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to any related document or the transactions contemplated thereby. The Authority further agrees that, in the event of litigation, it will not personally or through its agents or attorneys seek to repudiate the validity of this Section 8.04, and it acknowledges that it freely and voluntarily entered into this Agreement to waive trial by jury in order to induce OCLTA to enter into this Agreement.

(c) *Judicial Reference Provisions.* (i) Any and all disputes, claims and controversies arising out of this Agreement or the Related Documents or the transactions contemplated thereby (including, but not limited to, actions arising in contract or tort and any claims by a party to this Agreement (collectively, the "*Parties*") against OCLTA related in any way to the financing) (individually, a "*Dispute*") that are brought before a forum in which pre-dispute waivers of the right to trial by jury are invalid under applicable law shall be subject to the terms of this Section 8.04(c) in lieu of the jury trial waivers otherwise provided in this Agreement or the Related Documents.

(ii) Any and all Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure Sections 638 *et seq.*

(iii) The referee shall be a retired California state court judge or an attorney licensed to practice law in the State of California with at least ten (10) years' experience

practicing commercial law. The Parties shall not seek to appoint a referee that may be disqualified pursuant to California Code of Civil Procedure Section 641 or 641.2 without the prior written consent of all Parties.

(iv) If the Parties are unable to agree upon a referee within ten (10) calendar days after one Party serves a written notice of intent for judicial reference upon the other Party or Parties, then the referee will be selected by the court in accordance with California Code of Civil Procedure Section 640(b).

(v) The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court, and California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The decision of the referee shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

(vi) Nothing in this Section 8.04(c) shall be deemed to apply to or limit the right of OCLTA (1) to exercise self-help remedies such as (but not limited to) setoff, or (2) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, (3) to obtain from a court provisional or ancillary remedies (including, but not limited to, injunctive relief, a writ of possession, prejudgment attachment, a protective order or the appointment of a receiver), or (4) to pursue rights against a Party in a third-party proceeding in any action brought against OCLTA (including actions in bankruptcy court). OCLTA may exercise the rights set forth in the foregoing clauses (1) through (4), inclusive, before, during or after the pendency of any judicial reference proceeding. Neither the exercise of self-help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies or the opposition to any such provisional remedies shall constitute a waiver of the right of any Party, including, but not limited to, the claimant in any such action, to require submission to judicial reference the merits of the Dispute occasioning resort to such remedies. No provision in this Agreement or the Related Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in this Agreement or the Related Documents for judicial reference of any Dispute.

(vii) If a Dispute includes multiple claims, some of which are found not subject to this Section 8.04(c), the Parties shall stay the proceedings of the Disputes or part or parts thereof not subject to this Section 8.04(c) until all other Disputes or parts thereof are resolved in accordance with this Section 8.04(c). If there are Disputes by or against multiple parties, some of which are not subject to this Section 8.04(c), the Parties shall sever the Disputes subject to this Section 8.04(c) and resolve them in accordance with this Section 8.04(c).

(viii) During the pendency of any Dispute which is submitted to judicial reference in accordance with this Section 8.04(c), each of the Parties to such Dispute shall bear equal shares of the fees charged and costs incurred by the referee in performing the services described in this Section 8.04(c). The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorney fees, expert witness fees, paralegal fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amount as is determined by the referee.

(ix) In the event of any challenge to the legality or enforceability of this Section 8.04(c), the prevailing Party shall be entitled to recover the costs and expenses from the non-prevailing Party, including reasonable attorneys' fees, incurred by it in connection therewith.

(x) THE PROVISIONS OF THIS SECTION 8.04(C) CONSTITUTE A "REFERENCE AGREEMENT" BETWEEN OR AMONG THE PARTIES WITHIN THE MEANING OF AND FOR PURPOSES OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638.

Section 8.05. Extension of OCLTA Purchase Period. The Stated Expiration Date may be extended from time to time, at the request of the Authority (in the form of Exhibit C attached hereto) made no earlier than 180 days prior to the Stated Expiration Date, by agreement in writing between the Authority and OCLTA (the period from the preceding Stated Expiration Date to such new Stated Expiration Date being herein sometimes called the "*Extended OCLTA Purchase Period*"). The Extended OCLTA Purchase Period may itself be extended in a like manner for additional periods. OCLTA has no obligation to agree to any Extended OCLTA Purchase Period. If OCLTA, in its sole and absolute discretion, determines to extend any such period, OCLTA shall give written notice of the election to extend to the Authority and the Trustee at least 120 days prior to the expiration of the then Stated Expiration Date. At the time of any extension, OCLTA may, in its sole and absolute discretion, renegotiate terms and conditions of this Agreement, including OCLTA Rate. Notwithstanding anything in this paragraph to the contrary, if OCLTA fails to give notice of an election to extend, this Agreement shall expire at the end of OCLTA Purchase Period or Extended OCLTA Purchase Period then in effect.

Section 8.06. Notice. Any notice, demand, direction, invoice, request or other instrument authorized or required by this Agreement to be given to or filed with the Trustee, OCLTA or the Authority, shall be deemed or have been sufficiently given or filed for all purposes, if any, when delivered by hand or when sent by registered mail, return receipt requested, postage prepaid, and if given by facsimile shall be deemed given when transmitted (receipt confirmed):

If to the Trustee (to be sent U.S. Mail and email):

If to OCLTA:

If to the Authority (to be sent U.S. Mail and email):

With a copy to the Trustee.

Section 8.07. Obligations Absolute. The obligations of the Authority under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

- (a) any lack of validity or enforceability of the Related Documents;
- (b) any amendment or waiver of or any consent to or departure from all or any of the Related Documents;
- (c) any exchange, release or non-perfection of any collateral or any release or amendment or waiver of or consent to departure from any guaranty and insurance documents;
- (d) the existence of any claim, set-off, defense, or other right which the Authority may have at any time against the Trustee, OCLTA (other than the defense of the payment to OCLTA in accordance with the terms of this Agreement) or any other Person, whether in connection with this Agreement, the Related Documents, the transactions contemplated herein or therein, or any unrelated transactions;
- (e) any certificate, notice or any other document presented under this Agreement proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or
- (f) any other circumstance, or happening whatsoever, whether or not similar to any of the foregoing.

Section 8.08. Holidays. Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

Section 8.09. Survival. All representations, warranties, covenants and agreements of the Authority contained in this Agreement as amended or supplemented from time to time or made in writing in connection herewith shall survive the execution and delivery hereof and the purchase of Notes by OCLTA hereunder and shall continue in full force and effect until payment in full of all payment obligations of the Authority hereunder, it being understood that the agreements of the

Authority found in Sections 2.06, 2.07, 3.01(b), and 8.12 shall survive the termination of this Agreement and payment in full of such obligations.

Section 8.10. Liability of OCLTA. The Authority and the Trustee agree that OCLTA shall have no liability or responsibility for the acts or omissions of the Trustee in respect of its use of this Agreement or any amounts made available by OCLTA hereunder. OCLTA shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Trustee which results in the failure of the Trustee to effect the purchase of Notes for the account of OCLTA with funds provided by OCLTA pursuant to Section 2.02 or to comply with the applicable provisions of the Indenture. Neither OCLTA nor any of its directors, officers or employees shall be liable or responsible for: (a) the use which may be made of this Agreement or any amounts made available by OCLTA hereunder or for any acts or omissions of the Trustee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon even if such documents should in fact prove to be in any or all respect invalid, insufficient, fraudulent or forged; or (c) any other circumstances whatsoever in making or failing to make payment under this Agreement, other than, in the case of OCLTA, OCLTA's gross negligence or willful failure to purchase Notes when required under the terms and conditions of this Agreement. In no event shall OCLTA be liable to any Person for special, punitive or consequential damages, including, without limitation, such damages suffered by reason of OCLTA's failure to purchase Notes when required under the terms and conditions of this Agreement.

Section 8.11. Indemnification. To the extent permitted by law, the Authority agrees to indemnify and hold OCLTA harmless from and against, and to pay on demand, any and all claims, damages, losses, liabilities, costs and expenses whatsoever which OCLTA may incur or suffer by reason of or in connection with (i) the execution and delivery or performance of this Agreement or any other documents which may be delivered in connection with this Agreement, (ii) the disclosure in the Official Statement or any other offering document used in connection with the offering, sale, remarketing or resale of the Notes, other than information regarding OCLTA set forth therein which is expressly provided by OCLTA for inclusion therein, or (iii) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement or any other Related Document, including, without limitation, the reasonable fees and expenses of counsel for OCLTA or any consultant to OCLTA with respect thereto and with respect to advising OCLTA as to its rights and responsibilities under this Agreement and all reasonable fees and expenses, if any, in connection with the enforcement or defense of the rights of OCLTA in connection with this Agreement or any of the Related Documents, or the collection of any monies due under this Agreement or such other documents which may be delivered in connection with this Agreement or any of the Related Documents; except, only if, and to the extent that any such claim, damage, loss, liability, cost or expense shall be caused by OCLTA's gross negligence or willful misconduct as determined by a court of competent jurisdiction. Promptly after receipt by OCLTA or notice of the commencement, or threatened commencement, of any action subject to the indemnities contained in this Section 8.12, OCLTA shall promptly notify the Authority thereof, *provided* that failure to give such notice shall not relieve the Authority from any liability to OCLTA hereunder. The obligations of the Authority under this Section 8.12 shall survive payment of all obligations by the Authority to OCLTA owed under this Agreement. Notwithstanding anything to the contrary set forth in this Agreement, for

the purposes of this Section 8.12(b) all references to OCLTA shall also include its officers, directors, employees and agents of OCLTA.

Section 8.12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together shall constitute one and the same instrument.

Section 8.13. Document Imaging and Electronic Transactions. OCLTA is permitted to create electronic images of this Agreement and the other Related Documents and to destroy paper originals of any such imaged documents. Any such images maintained by OCLTA as a part of its normal business processes shall be given the same legal effect as the paper originals. OCLTA is permitted to convert this Agreement and the other Related Documents into a “transferable record” under the Uniform Electronic Transactions Act (“UETA”), with the image of such instrument in OCLTA’s possession constituting an “authoritative copy” under UETA.

Section 8.14. Notice of New Addresses Under Related Documents. The Authority shall deliver a copy of this Agreement to the Trustee as notice of a new address for notices to OCLTA under the respective notice provisions of each of the Related Documents.

Section 8.15. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

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

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____
Its: _____

APPROVED AS TO FORM:

General Counsel

ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY

By: _____
Its: _____

APPROVED AS TO FORM:

General Counsel

EXHIBIT A
NOTICE OF OCLTA PURCHASE

EXHIBIT B

FORM OF REQUEST FOR EXTENSION OF STATED EXPIRATION DATE

[DATE]

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

[Date]

The undersigned is the _____ of the ORANGE COUNTY TRANSPORTATION AUTHORITY (together with its successors and assigns permitted under the hereinafter defined Agreement, the “*Authority*”), a local transportation authority duly established and existing under the laws of the State of California, and hereby certifies that (unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the hereinafter defined Agreement):

1. Under his or her supervision, the Authority has made a review of its activities during the preceding annual period covered by the attached financial statements for the purpose of determining whether or not the Authority has complied with all of the terms, provisions and conditions of that certain Standby Bond Purchase Agreement (the “*Agreement*”) dated as of September 1, 2021, among the Orange County Transportation Authority (the “*Authority*”), _____, as Trustee (the “*Trustee*”), and Mizuho OCLTA, Ltd., acting through its California Branch (the “*OCLTA*”).

2. Nothing has come to his or her attention to lead him to believe that any Event of Default under the Agreement exists or, if such is not the case, specifying such Event of Default and the nature thereof, except as set forth below:

Described below are the exceptions, if any, to paragraph 2 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Authority has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in the Attachment hereto and the financial statements delivered with this Compliance Certificate in support hereof, are made and delivered this day of _____, 20__.

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____

Name: _____

Title: _____

EXHIBIT D

TERMS FOR ISSUANCE OF SUBORDINATE LIEN M2 INDEBTEDNESS ("SLO")

(Note: unless otherwise specified, defined terms shall have the same meaning as defined in the Master Trust Indenture ("MTI") dated December 1, 2010)

PLEDGED REVENUES	Sales Tax Revenues as defined in the MTI
PAYMENT/LIEN PRIORITY	Gross pledge of Sales Tax Revenues received from the senior lien bonds trustee after payment of debt service and fill up of reserves, if any for the senior lien bonds, and paid out of the subordinate obligations fund in the senior lien indenture
ADDITIONAL BONDS TEST	<p>SLOs shall be subject to the same issuance requirements as specified in Section 3.02 of the MTI, with the following exceptions:</p> <ul style="list-style-type: none">• The SLOs shall be issued pursuant to a subordinate lien supplemental indenture; and• Payment dates for payment of principal and interest will be April 15 and October 15
DEBT SERVICE RESERVE FUND	OCLTA may fund a debt service reserve fund, at its discretion, on a Series specific basis. Any debt service reserve fund established for a specific series of SLOs shall only be available and for the benefit of the specified SLO series. OCLTA does not intend on funding a debt service reserve fund if OCTA exercises its right to draw on the SBPA and OCLTA proceeds with an issuance of SLOs.
COVENANT NOT TO ISSUE	So long as the OCTA Series 2021 BANs remain outstanding, OCLTA covenants not issue any additional SLOs, other than SLOs required to fund its purchase commitment under the SBPA.