This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ATTACHMENT E-1

OH&

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2019

New Issue - Book-Entry Only

Ratings: See "Ratings" herein

$[Par Amount]*
Orange County Local Transportation Authority
(Orange County, California)
Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019

Dated: Date of Delivery

Due: February 15, as set forth on the inside cover page

The Orange County Local Transportation Authority Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019 (the "Series 2019 Bonds") will be issued to finance and refinance the costs of certain transportation projects located in Orange County, California (the "County"). Proceeds of the Series 2019 Bonds will also be applied to pay costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds 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 2019 Bonds will not receive instruments representing their interests in the Series 2019 Bonds purchased. Individual purchases of Series 2019 Bonds will be made in principal amounts of $5,000 or integral multiples thereof.

Interest on the Series 2019 Bonds is payable semiannually on February 15 and August 15, commencing August 15, 2019. Principal of and interest due with respect to the Series 2019 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., 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 2019 Bonds. See Appendix G - "Book-Entry Only System."

The Series 2019 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "Redemption."

The Series 2019 Bonds are limited obligations of the Orange County Local Transportation Authority (the "Authority") secured by the provisions of the Master Indenture of Trust, dated as of December 1, 2010, as supplemented and amended from time to time pursuant to its terms, including as supplemented by the Third Supplemental Indenture, dated as of February 1, 2019, between the Authority and the Trustee. The Series 2019 Bonds are payable from and secured by a pledge of a portion of certain revenues derived from the imposition in the County for public transportation purposes of a one-half of one percent (1/2%) retail transactions and use tax, which pledge also secures certain other limited tax bonds issued by the Authority. See "Security and Source of Payment for the Series 2019 Bonds" and "The Sales Tax" 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 2019 Bonds.

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.

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 2019 Bonds 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 2019 Bonds 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 2019 Bonds. See "Tax Matters" herein.

The Series 2019 Bonds 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 2019 Bonds will be available for delivery in book-entry form through DTC on or about February __, 2019.

BofA Merrill Lynch **Citigroup**

Barclays Capital **Goldman Sachs & Co.** **J.P. Morgan** **Stifel**

The date of this Official Statement is _________________.

* Preliminary, subject to change.

4133-1208-7576.5

MATURITY SCHEDULE*

$[Par Amount]*
Orange County Local Transportation Authority
(Orange County, California)
Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds),
Series 2019

Maturity Date (February 15)	Principal Amount	Interest Rate	Price or Yield	CUSIP† No.
	$	___%	___%	

$________* ____% Term Bonds due February 15, 20_____ CUSIP† _________

* Preliminary, subject to change.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. Neither the Orange County Local Transportation Authority nor the Underwriters nor their agents or counsel assume responsibility for the accuracy of such numbers.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STAFF

Chief Executive Officer
Darrell E. Johnson

Deputy Chief Executive Officer
Kenneth G. Phipps

Executive Director, Finance and Administration
Andrew Oftelie

Director, Finance and Administration
Sean Murdock

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
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Orange County Local 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 2019 Bonds 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 2019 Bonds. 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.

Certain statements in this Official Statement, which may be identified by the use of such terms as plan, project, expect, estimate, budget or other similar words, constitute forward-looking statements. Such forward-looking statements refer to the achievement of certain results or other expectations or performance which involve known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause actual results, performance or achievements to be materially different from any projected results, performance or achievements described or implied by such forward-looking statements. The Authority does not plan to issue updates or revisions to such forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward-looking statements.

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 2019 Bonds. 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, including, without limitation, the statements set forth under the caption "Ordinance and Investment Plan – General Description," 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 achievement of certain results or other expectations contained in such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when any of its expectations, or events, conditions or circumstances on which such statements are based occur, other than as described under the caption "Continuing Disclosure" herein.

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 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2019 Bonds 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 2019 Bonds, the Underwriters may effect transactions which stabilize or maintain the market price of the Series 2019 Bonds 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 2019 Bonds 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.

TABLE OF CONTENTS

TABLE OF CONTENTS

OFFICIAL STATEMENT

$[Par Amount]*
Orange County Local Transportation Authority
(Orange County, California)
Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds),
Series 2019

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 Local Transportation Authority Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2019 (the "Series 2019 Bonds") to be issued by the Orange County Local Transportation Authority (the "Authority"). 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 2019 Bonds to potential investors is made only by means of the entire Official Statement and, therefore, potential investors should carefully review the entire Official Statement. All capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in Appendix C - "Summary of Principal Documents" or in the Master Indenture of Trust, dated as of December 1, 2010 (the "Master Indenture of Trust"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented and amended from time to time pursuant to its terms, including as supplemented and amended by the Third Supplemental Indenture, dated as of February 1, 2019 (the "Third Supplemental Indenture"), between the Authority and the Trustees. The Master Indenture of Trust as supplemented and amended from time to time pursuant to its terms, including as supplemented and amended by the Third Supplemental Indenture, is hereinafter collectively referred to as the "Indenture."

The Authority

The Authority is an affiliate of the Orange County Transportation Authority ("OCTA"), an umbrella agency responsible for transportation matters within the County of Orange, California (the "County" or "Orange County") created pursuant to California State Senate Bill 838 (the "Consolidation Legislation"). As provided in the Consolidation Legislation, the Board of Directors of OCTA serves as the Board of Directors of the Authority. See "The Authority" herein.

All references to the Board of Directors set forth herein shall be read as references to the Board of Directors of the Authority with respect to actions taken prior to the effectiveness of the Consolidation and shall be read as references to the Board of Directors of OCTA with respect to actions taken on and after the effectiveness of the Consolidation.

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* Preliminary, subject to change.

Authority for Issuance

The Series 2019 Bonds are being issued 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 "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 "Ordinance") and approved by more than two-thirds of the electors voting on the ballot measure set forth therein (such ballot measure being hereinafter referred to as "Measure M2") at the general election held in the County on November 7, 2006, Resolution No. 2019-__ adopted by the Board of Directors on _____ (the "Resolution"), and the Indenture. See "Description of the Series 2019 Bonds," "The Sales Tax," and "Ordinance and Investment Plan" herein.

The Sales Tax

The Series 2019 Bonds are limited obligations of the Authority payable from and secured by a pledge of a portion of certain revenues (the "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 the County. See "Security and Source of Payment for the Bonds - Pledge of Sales Tax Revenues." The one-half of one percent (1/2%) retail transactions and use tax was imposed pursuant to the 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 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 Ordinance is hereinafter referred to as the "Sales Tax." See "Security and Source of Payment for the Series 2019 Bonds" and "The Sales Tax" herein.

Security for the Series 2019 Bonds

Upon their issuance, the Series 2019 Bonds will be secured by a pledge of Sales Tax Revenues on a parity basis with the pledge which secures (i) the Orange County Local Transportation Authority Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the "2010 Series A Bonds"), $293,540,000 aggregate principal amount of which are currently outstanding, a portion of which may be defeased upon the issuance of the Series 2019 Bonds, and (ii) the Orange County Local Transportation Authority Measure M2 Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Tax Exempt Bonds) (the "2010 Series B Bonds," and, together with the 2010 Series A Bonds, hereinafter collectively referred to as the "Series 2010 Bonds"), $8,530,000 aggregate principal amount of which will be outstanding upon the issuance of the Series 2019 Bonds.

Additional Bonds and Parity Obligations

Pursuant to the Indenture, the Authority may issue one or more additional Series of Bonds (each, a "Series of Bonds," and, together with the Series 2010 Bonds and the Series 2019 Bonds, hereinafter collectively referred to as the "Bonds") and/or issue or incur other obligations secured by a pledge of the Sales Tax Revenues on a parity basis with the pledge which secures the Series 2010 Bonds and the Series 2019 Bonds. As of the date of this Official Statement, the Authority has not issued or incurred other obligations which are secured by a pledge of Sales Tax Revenues on a parity basis with the pledge which secures the Bonds. See "Security and Source of Payment for the Series 2019 Bonds – Issuance of Obligations Payable from Sales Tax Revenues."

Subordinate Obligations

Pursuant to the Indenture, the Authority may issue or incur obligations secured by a pledge of the Sales Tax Revenues on a subordinate basis with the pledge which secures the Series 2010 Bonds and the Series 2019 Bonds (such obligations being hereinafter referred to as "Subordinate Obligations"). As authorized pursuant to the provisions of the Indenture, obligations of the Authority under a 2019 Credit Agreement, dated as of July 1, 2017 (the "2019 Credit Agreement"), by and among the Authority, OCTA and Bank of America, N.A. ("BANA") and obligations of the Authority under a 2021 Credit Agreement, dated as of July 1, 2017 (the "2021 Credit Agreement"), by and among the Authority, OCTA and BANA are secured by a pledge of the Sales Tax Revenues subordinate to the pledge which secures the Series 2010 Bonds and will secure the Series 2019 Bonds. For a discussion and description of the Subordinate Obligations which the Authority has incurred, see "Security and Source of Payment for the Series 2019 Bonds – Issuance of Obligations Payable from Sales Tax Revenues."

No Reserve Funds

No Reserve Fund is being established in connection with the Series 2019 Bonds nor was any Reserve Fund established in connection with the Series 2010 Bonds.

Application of Proceeds

Proceeds of the Series 2019 Bonds will be applied to finance improvements to the Interstate 405 general purpose lanes and to pay the costs of issuance of the Series 2019 Bonds. See "Estimated Sources and Uses of Funds." In addition, a portion of the proceeds of the Series 2019 Bonds may be applied to defease a portion of the 2010 Series A Bonds, which financed certain other transportation projects identified in the Ordinance, including various freeway improvement projects, various streets and road improvement projects and various transit projects.

Future Financing Plans

Based on current plans, the Authority anticipates issuing approximately $500 million of additional debt to finance additional transportation projects identified in the Ordinance in Fiscal Year 2021. Such additional debt may be secured by a pledge of the Sales Tax Revenues on either a parity basis or a subordinate basis to the pledge which secures the Series 2010 Bonds and will secure the Series 2019 Bonds.

References; Availability of Documents

Brief descriptions of the Series 2019 Bonds, the security and sources of payment for the Series 2019 Bonds, the Ordinance, the Indenture, the Authority and its financial status are 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.

ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are presented below:

Sources:	
Par Amount of Series 2019 Bonds	$______
Net Original Issue Premium/Discount on the Series 2019 Bonds	______
TOTAL:	$______
Uses:	
Deposit to 2019 Project Fund	$______
Deposit to 2019 Costs of Issuance Subaccount[1]	______
[Defeasance of 2010 Series A Bonds]	______
TOTAL:	$______

[1] *Costs of Issuance include underwriters' discount, legal fees, rating agency fees and other miscellaneous expenses.*

DESCRIPTION OF THE SERIES 2019 BONDS

General Terms and Provisions

The Series 2019 Bonds will be issued as fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof. The Series 2019 Bonds, 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 2019 Bonds. Individual purchases will be made in book-entry only form. Purchasers will not receive a certificate representing their beneficial ownership interest in the Series 2019 Bonds. So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee of DTC, references herein to Owners, Bondholders, Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Series 2019 Bonds. So long as Cede & Co. is the registered owner of Series 2019 Bonds, all payments of principal and interest due with respect to the Series 2019 Bonds will be made to Cede & Co., as nominee of DTC. See Appendix G - "Book - Entry Only System."

The Series 2019 Bonds will be dated their date of delivery and will bear interest from such date. Interest with respect to the Series 2019 Bonds will be computed using a year of 360 days comprised of twelve 30-day months and will be payable on February 15 and August 15 of each year, commencing August 15, 2019. The Series 2019 Bonds will mature on the dates and in the principal amounts and bear interest at the rates, all as set forth on the inside front cover page of this Official Statement.

Redemption*

Optional Redemption of the Series 2019 Bonds

The Series 2019 Bonds maturing prior to February 15, 20__ are not subject to optional redemption prior to their stated maturities. The Series 2019 Bonds maturing on or after February 15, 20__ will be subject to redemption, in whole or in part, at the option of the Authority on any date on and after February 15, 20__, from any available source of funds, at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. The Authority shall designate which maturities of the Series 2019 Bonds are to be called for optional redemption. If less than all of the Series 2019 Bonds of a particular maturity are to be optionally redeemed at any one time, the Trustee will select the Series 2019 Bonds to be redeemed from all Series 2019 Bonds of such maturity in accordance with

* Preliminary, subject to change.

the procedures of the Depository. For purposes of such selection, Series 2019 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Series 2019 Bonds which are Term Bonds are designated for optional redemption, the Authority may designate the Mandatory Sinking Account Payments or portions thereof that are to be reduced as a result of such optional redemption.

Sufficient Funds Required for Optional Redemption

Any optional redemption of Series 2019 Bonds and notice thereof may be conditional and rescinded and cancelled if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2019 Bonds called for redemption.

Notice of Redemption; Rescission of Optional Redemption

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. Notice of redemption to the Holders, the Repository and the applicable Notice Parties shall be given by first class mail or electronic means. Each notice of redemption shall state the date of such notice, the date of issue of the Series 2019 Bonds, 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 Series 2019 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2019 Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Series 2019 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2019 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

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

Unless, upon the giving of such notice, such Series 2019 Bonds shall be deemed to have been paid, 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 Series 2019 Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Series 2019 Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given.

Any notice of optional redemption may be rescinded by written notice given to the Trustee by the Authority. 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 the provisions of the Indenture described above.

Mandatory Redemption of Series 2019 Bonds From Mandatory Sinking Account Payments

Mandatory Redemption of Series 2019 Bonds. The Series 2019 Bonds maturing on February 15, 20__ are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such Series 2019 Bonds, on each date a Mandatory Sinking Account Payment for such Series 2019 Bonds is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Sinking Account Payments for Series 2019 Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

Mandatory Sinking Account Payment Date (February 15)	Mandatory Sinking Account Payment
	$
*	

* Final Maturity

Selection of Series 2019 Bonds for Mandatory Sinking Account Redemption. If less than all Series 2019 Bonds maturing by their terms on any one date are to be redeemed at any one time with Mandatory Sinking Account Payments, the Trustee shall select the Series 2019 Bonds of such maturity date to be redeemed in accordance with the procedures of the Depository. For purposes of such selection, Series 2019 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Effect of Redemption. Notice of redemption having been duly given pursuant to the Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2019 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2019 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the date fixed for redemption. Interest on such Series 2019 Bonds so called for redemption shall cease to accrue, and said Series 2019 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of such Series 2019 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price and interest accrued to the date fixed for redemption from funds held by the Trustee for such payment.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements for the Outstanding Series 2010 Bonds and the Series 2019 Bonds.

Fiscal Year Ending June 30,	Outstanding Series 2010 Bonds	Series 2019 Bonds		Annual Debt Service[(1)]	Total Debt Service[(1)]
		Principal	Interest		
	$_________	$_________	$_________	$_________	$_________

[(1)] Totals may not add due to rounding.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Pledge of Sales Tax Revenues

The Bonds are limited obligations of the Authority and are payable as to principal and interest exclusively from (i) Revenues, consisting of Sales Tax Revenues and all investment earnings on amounts held by the Trustee in the funds and accounts established under the Indenture (other than amounts deposited in the Rebate Fund, any Purchase Fund or any Letter of Credit Account), subject to application in accordance with the provisions of the Indenture, and (ii) all amounts held on deposit in the funds and accounts established pursuant to the Indenture (other than amounts deposited in the Rebate Fund, any Purchase Fund or any Letter of Credit Account).

Sales Tax Revenues means 100% of the amounts relating to the Sales Tax collected by the California Department of Tax and Fee Administration ("CDTFA") on behalf of the Authority pursuant to the Act, less the sum of (i) the costs and expenses of collection of the Sales Tax paid to CDTFA, (ii) 1% of the Sales Tax payable to the Authority for administration of the Ordinance, (iii) 2% of the Sales Tax to be used for an environmental cleanup program to implement street and highway related water quality improvement projects as provided in the Ordinance, and (iv) 18% of the Sales Tax remaining after deducting the amounts referred to in (i), (ii) and (iii) above, which amount, referred to in the 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 Ordinance. For a general discussion of the Sales Tax, see "The Sales Tax." For information concerning historical Sales Tax Revenues, see "The Sales Tax - Historical M1 Sales Tax Revenues and Sales Tax Revenues" herein.

The Indenture provides that the Revenues and other amounts described above became immediately subject to the pledge set forth in the Indenture upon the issuance of the Series 2010 Bonds and that the pledge constitutes a first lien on and security interest in the Revenues and such other amounts and immediately attached thereto and became effective, binding and enforceable against the Authority and all others asserting rights therein, to the extent set forth, and in accordance with, the provisions of the Indenture, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Revenues and all amounts held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Rebate Fund) are irrevocable until all of the Bonds, all obligations (other than Bonds) which are secured by a pledge of Sales Tax Revenues on a parity basis with the pledge which secures the Bond (such other obligations being hereinafter referred to as "Parity Obligations"), Subordinate Obligations and amounts owed in connection with the Bonds, Parity Obligations and 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 Authority, to the extent of the pledge described herein, is pledged to the payment of principal of or interest on the Bonds.

Revenue Fund

As long as any Bonds are Outstanding, Parity Obligations or any Subordinate Obligations remain unpaid, the Authority shall cause all Sales Tax (less the amount payable to the CDTFA) to be transmitted by the CDTFA directly to the Trustee. Following receipt of Sales Tax by the Trustee, the Trustee shall remit to the Authority the sum of (i) the Authority's 1% fee for administration of the Ordinance, (ii) 2% of the Sales Tax to be used for an environmental cleanup program to implement street and highway related water quality improvement projects as provided in the Ordinance, and (iii) 18% of the Sales Tax remaining after deducting the amounts referred to in (i) and (ii) above, which amount shall be set forth in a Certificate of the Authority delivered to the Trustee, and the Trustee shall deposit all of the remaining amount comprising the Sales Tax Revenues in the Revenue Fund, established maintained and held in trust by the Trustee pursuant to the Indenture. Pursuant to the provisions of the Indenture, the Sales Tax Revenues shall be held in trust by the Trustee for the benefit of the Holders of the Bonds, Parity Obligations and Subordinate Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. Investment income on amounts held by the Trustee (other than amounts deposited in the Rebate Fund, any Purchase Fund, any Letter of Credit Account or any Project Fund or other fund or account for which particular instructions are provided) shall also be deposited in the Revenue Fund.

Allocation of Sales Tax Revenues

So long as any Bonds are Outstanding and Parity Obligations, Subordinate Obligations and other amounts payable under the Indenture remain unpaid, the Trustee is required to set aside in each month following receipt and deposit of the Sales Tax Revenues in the Revenue Fund the moneys deposited in the Revenue Fund into the following respective funds (each of which the Trustee is required to establish pursuant to the provisions in the Indenture), in the following amounts and in the following order of priority (provided that deficiencies in any previously required deposit may be made up prior to the deposit to a fund subsequent in priority and provided further that set asides or transfers required with respect to outstanding Parity Obligations shall be made on a parity basis in each month, as provided in the Indenture):

1. **Interest Fund.** Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) is on deposit in such fund; provided that from the date of delivery of a Series of Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Authority, or if the Authority shall not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one hundred (100) basis points (provided, however, that the amount of such deposit into the Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Interest Fund for any month shall be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Variable Rate Indebtedness). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Bonds issued hereunder and then Outstanding and on February 15 and August 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 Bonds having Interest Payment Dates other than February 15 and August 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 Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates or any Subsidy Payments).

The Trustee shall deposit into the Interest Fund any Subsidy Payments which shall be used as a credit against the amount of Sales Tax Revenues required to be deposited in the Interest Fund as provided in the Indenture.

2. **Principal Fund; Sinking Accounts.** Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Principal Fund as soon as practicable in such month an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a 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 into any one such Sinking Account over any other such payment.

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

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Serial Bonds issued hereunder and then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a 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 February 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 February 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 Bonds having principal payment dates other than February 15) shall be transferred to the Authority.

3. **Reserve Funds.** Upon the occurrence of any deficiency in any Reserve Fund, the Trustee shall make such deposit to such Reserve Fund as is required pursuant to the provisions of the Indenture, each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Reserve Requirement. As indicated above under the caption "Introduction," no Reserve Fund is being established in connection with the Series 2019 Bonds nor was any Reserve Fund established in connection with the Series 2010 Bonds.

4. **Subordinate Obligations Fund.** As long as any Subordinate Obligations remain unpaid, Revenues remaining in the Revenue Fund after the transfers described in (1), (2) and (3) above have been made shall be used by the Trustee to repay amounts advanced to the Authority (i) pursuant to the 2019 Credit Agreement, including interest thereon and other amounts owed to BANA as provided in the 2019 Credit Agreement and in the 2019 Fee Agreement, dated July 26, 2017, between the Authority and BANA and (ii) pursuant to the 2021 Credit Agreement, including interest thereon and other amounts owed to BANA as provided in the 2021 Credit Agreement and in the 2021 Fee Agreement, dated July 26, 2017, between the Authority and BANA, and (iii) to pay other Subordinate Obligations as may be directed by the Authority in writing from time to time.

5. **Fees and Expenses Fund.** At the direction of the Authority, after the transfers described in (1), (2), (3) and (4) above have been made, the Trustee shall deposit as soon as practicable in each month in the Fees and Expenses Fund (i) amounts necessary for payment of fees, expenses and similar charges (including fees, expenses and similar charges relating to any Liquidity Facility or Credit Enhancement for any Series of Bonds or to any Parity Obligations) owing in such month or following month by the Authority in connection with any Series of Bonds or any Parity Obligations and (ii) amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by the Authority in connection with Subordinate Obligations. The Authority shall inform the Trustee of such amounts, in writing, on or prior to the first Business Day of each month.

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

If five (5) days prior to any principal payment date, Interest Payment Date or mandatory sinking account 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, any Reserve Fund established in connection with a Series of Bonds with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Trustee shall immediately notify the Authority, in writing, of such deficiency and direct that the Authority transfer the amount of such deficiency to the Trustee on or prior to such payment date. Pursuant to the Indenture, the Authority covenants and agrees to transfer to the Trustee from any Revenues in its possession (which Revenues shall not include any Sales Tax Revenues posted by the Authority as collateral pursuant to an Interest Rate Swap Agreement), the amount of such deficiency on or prior to the principal payment date, Interest Payment Date or mandatory sinking account redemption date referenced in such notice.

Issuance of Obligations Payable from Sales Tax Revenues

Issuance of Additional Bonds. Subsequent to the issuance of the Series 2019 Bonds, the Authority may by Supplemental Indenture establish one or more additional Series of Bonds, payable from Sales Tax Revenues and secured by the pledge made under the Indenture, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only 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 Bonds.

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

(b) In the event a Supplemental Indenture providing for the issuance of such Series of Bonds shall require either (i) the establishment of a Reserve Fund to provide additional security for such Series of 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 Bonds and all other Bonds secured by such Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds, the Supplemental Indenture providing for the issuance of such additional Series of Bonds shall require deposit of the amount necessary. Said deposit may be made from the proceeds of the sale of such Series of Bonds or from other funds of the Authority or from both such sources or may be made in the form of a Reserve Facility.

(c) The aggregate principal amount of Bonds issued under the Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(d) The Authority shall place on file with the Trustee a Certificate of the Authority certifying that the amount of Sales Tax Revenues or Pro Forma Sales Tax Revenues, 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 Bonds will become Outstanding shall have been at least equal to 1.3 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate of the Authority shall also set forth the computations upon which such Certificate is based.

Nothing in the Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of such additional Series of Bonds or any portion thereof. In the event additional assets or revenues are included within the definition of "Revenues" by a Supplemental Indenture, such additional assets or revenues shall be included in the calculations to be provided pursuant to the provisions of the Indenture described in subparagraph (d) above as if such additional assets or revenues had always been included in "Revenues."

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture described above under subparagraph (d); provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined: (i) that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds, or (ii) that the Authority expects a reduction in Debt Service on all 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 of the Outstanding Bonds or outstanding Parity Obligations to be refunded; (ii) all expenses incident to the calling, retiring or paying of such Outstanding Bonds or outstanding Parity Obligations and the Costs of Issuance of such Refunding Bonds; (iii) interest on all Outstanding Bonds or outstanding Parity Obligations to be refunded to the date such Bonds or Parity Obligations will be called for redemption or paid at maturity; (iv) interest on the Refunding Bonds from the date thereof to the date of payment or redemption of the Bonds or Parity Obligations to be refunded; and (v) funding a Reserve Fund for the Refunding Bonds, if required.

Parity Obligations. As defined in the Indenture, Parity Obligations means any debt or other obligation of the Authority payable on a parity with the Bonds. Parity Obligations may be issued or incurred by the Authority, provided that the following conditions to the issuance or incurrence of such Parity Obligations are satisfied: (i) such Parity Obligations have been duly and legally authorized by the 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 Authority to that effect, which Certificate of the Authority shall be filed with the 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 Authority shall have placed on file with the Trustee a Certificate of the Authority, upon which the Trustee may conclusively rely certifying (on the basis of calculations made no later than the date of sale or incurrence of such Parity Obligations, as applicable) that the requirements of the Indenture described above under subparagraph (d) under the caption "Issuance of Additional Bonds" relating to the issuance of an additional Series of Bonds have been satisfied with respect to such Parity Obligations, which Certificate shall also set forth the computations upon which such Certificate is based.

Subordinate Obligations. As defined in the Indenture, Subordinate Obligations means any obligations of the Authority secured by and payable from the Sales Tax Revenues on a basis which is subordinate to the Bonds and Parity Obligations. Subordinate Obligations may be issued or incurred by the Authority without limitation. See Appendix C - "Summary of Principal Documents - Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations."

Currently, the obligations of the Authority under the 2019 Credit Agreement and the 2021 Credit Agreement are secured by a pledge of the Sales Tax Revenues subordinate to the pledge which secures the Series 2010 Bonds and will secure the Series 2019 Bonds. The Authority entered into the 2019 Credit Agreement and the 2021 Credit Agreement in order to provide a commitment for a line of credit required by the Department of Transportation Build America Bureau Credit Programs Office (the "Bureau") in connection with a loan made to the Authority by the Bureau under the Transportation Infrastructure Finance and Innovation Act (the "TIFIA Loan") to provide funding for improvements to Interstate 405. Any funds drawn by the Authority pursuant to the 2019 Credit Agreement are due and payable on July 19, 2019. Any funds due and payable pursuant to the 2021 Credit Agreement are due and payable on

July 16, 2021. To date, no funds have been drawn by the Authority under either the 2019 Credit Agreement or the 2021 Credit Agreement.

THE SALES TAX

Authorization, Collection and Application of the Sales Tax

The Act, among other things, authorizes the Authority to establish a retail transactions and use tax applicable in the incorporated and unincorporated territory of the County in accordance with the California Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251 et seq.). In accordance with the Act, on November 7, 2006, the voters of the County approved Measure M2 which enacted the Ordinance imposing the 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 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 Sales Tax is currently administered by CDTFA, which assumed responsibility for collection of the Sales Tax effective July 1, 2017 pursuant to The Taxpayer Transparency and Fairness Act of 2017. Prior to July 1, 2017, collection of the 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 2017-18, the CDTFA Fee was $3,330,030.00 (approximately 1.0% of Sales Tax receipts collected during the period).

Amounts are transmitted to the 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.

Following receipt of Sales Tax by the Trustee, the Trustee applies amounts received in accordance with the provisions of Indenture. See "Security and Source of Payment for the Bonds - Revenue Fund" and "Security and Source of Payment for the Bonds - Allocation of Sales Tax Revenues" herein.

The Sales Tax is in addition to a seven and one quarter percent (7.25%) sales and use tax currently levied statewide by 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 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 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.

Action by the State legislature or by voter initiative could change the transactions and items upon which the statewide sales and use tax and the Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on the Sales Tax Revenues. The Authority is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See also "Proposition 218" below. It is also possible that the increasing use of the internet to conduct electronic commerce may affect the levels of Sales Tax Revenues. See "Investment Considerations – Effect of Continued Growth in Internet Commerce" below.

Historical Taxable Sales

For information concerning historical taxable sales in the County, see Appendix A - "Economic and Demographic Data Pertaining to the County of Orange – Taxable Transactions."

Historical Sales Tax Revenues

Collection of the Sales Tax authorized by the Ordinance and Measure M2 commenced on April 1, 2011. Sales Tax Revenues means 100% of the amounts relating to the Sales Tax collected by CDTFA on behalf of the Authority pursuant to the Act, less the sum of (i) the costs and expenses of collection of the Sales Tax paid to CDTFA, (ii) 1% of the Sales Tax payable to the Authority for administration of the Ordinance, (iii) 2% of the Sales Tax to be used for an environmental cleanup program to implement street and highway related water quality improvement projects as provided in the Ordinance, and (iv) 18% of the Sales Tax remaining after deducting the amounts referred to in (i), (ii) and (iii) above, which amount is referred to in the Ordinance as the "Local Fair Share Program," and 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 Ordinance. Pursuant to the Ordinance, the Sales Tax remains in effect through March 31, 2041.

The table set forth below presents information concerning historical Sales Tax Revenues collected pursuant to the Ordinance for the period commencing April 1, 2011 through June 30, 2011 and each of the fiscal years ending June 30, 2012 through June 30, 2018.

HISTORICAL SALES TAX REVENUES

Fiscal Year Ended June 30	Historical Sales Tax Revenues	% Change From Prior Fiscal Year
2011*	$47,288,139	----
2012	$195,274,844	----
2013	$207,240,194	6.13%
2014	$217,263,205	4.84%
2015	$226,383,111	4.20%
2016	$234,503,754	3.59%
2017	$240,700,835	2.64%
2018	$252,156,798	4.76%

*Represents amounts collected relating to the period commencing April 1, 2011 and ending June 30, 2011.

The Sales Tax authorized by the 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 Authority to the State Board of Equalization, (ii) 1% of the M1 Sales Tax payable to the 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.

The table set forth below presents information concerning historical M1 Sales Tax Revenues collected pursuant to the Measure M1 Ordinance for each of the fiscal years ending June 30, 2009 and June 30, 2010 and for the period commencing July 1, 2010 and ending March 31, 2011.

HISTORICAL M1 SALES TAX REVENUES

Fiscal Year Ended June 30	Historical Sales Tax Revenues	% Change From Prior Fiscal Year
2009	$194,514,059	-----
2010	$187,561,632	(3.57)%
2011*	$147,523,555	N/A

*Represents amounts collected relating to the period commencing July 1, 2010 and ending March 31, 2011.

For a more detailed discussion of the factors influencing Sales Tax collections, see Appendix A - "Economic and Demographic Data Pertaining to the County of Orange."

THE AUTHORITY

Establishment of the Authority and Responsibilities of the Authority

On June 27, 1988, the Authority was created pursuant to the Act. Pursuant to the Act, the Authority developed and implemented the twenty-year Revised Orange County Traffic Improvement and Growth Management Plan, adopted by the County and the cities within the County in June, 1989. The Authority is responsible for carrying out the provisions of the Ordinance, including the collection and allocation of the Sales Tax and the development and implementation of the hereinafter defined Investment Plan. See "Ordinance and Investment Plan" herein.

Consolidation and Formation of the Orange County Transportation Authority

In the fall of 1990, the State Legislature enacted Senate Bill 838 which required the functional consolidation of the County's transportation agencies. Included in this consolidation were the 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. Pursuant to the consolidation required by Senate Bill 838, 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, including the Authority. The purpose of this functional consolidation was to create a single board of directors accountable for transportation decision-making in the County. As specified in the legislation, the Board of Directors of OCTA also serves as the Board of Directors of the Authority. This Board of Directors is made up of five representatives of the County Board of Supervisors, Orange County, ten city council representatives, two public members elected by the other members and a non-voting ex-officio member appointed by the Governor. The Director of District 12 of the California Department of Transportation serves as Governor's ex-officio, non-voting member.

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 and OCTA 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 and OCTA, most recently as Deputy Chief Executive Officer. Prior to joining the Authority and OCTA 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.

Kenneth G. Phipps, Deputy Chief Executive Officer. Kenneth G. Phipps was appointed Deputy Chief Executive Officer of the Authority and OCTA in May 2013 and is responsible for assisting the Chief Executive Officer in the planning, financing and coordinating transportation projects and programs within Orange County. Prior to his appointment as Deputy Chief Executive Officer, Mr. Phipps served in various positions at the Authority and OCTA, from 1992 to 1998 and from 2000 to 2013, most recently as Executive Director of Finance and Administration. From 1998 to until his return to the

Authority and OCTA in 2000, Mr. Phipps served as Budget Manager and Controller at the Alameda Corridor Transportation Authority.

Mr. Phipps holds a Bachelor of Arts Degree in Applied Mathematics from the California State University, Fullerton, attended Cornell University, School of Engineering and completed the Management Development Program at the University of Southern California.

Andrew Oftelie, Executive Director, Finance and Administration. Andrew Oftelie was appointed Executive Director, Finance and Administration of the Authority and OCTA in June 2013. Mr. Oftelie directs and manages the financial planning, budgeting, accounting, financial reporting, information technology, contracts administration and materials management, treasury, 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.

ORDINANCE AND INVESTMENT PLAN

General Description

The Ordinance, approved by more than two-thirds of the electors of the County voting on Measure M2 on November 7, 2006, provides for (i) continuation of the Sales Tax, initially approved by a majority of the electors of the County voting on Measure M1 on November 6, 1990, and (ii) implementation of a Countywide transportation investment plan, adopted by the Board of Directors on July 24, 2006 (as supplemented and amended from time to time pursuant to its terms, hereinafter referred to as the "Investment Plan"), designed to result in Countywide transportation improvements for freeways, highways, local streets and roads, bus and rail transit, transportation-related water quality (hereinafter referred to as "Environmental Cleanup") and transit services for seniors and disabled persons. The Investment Plan, designed to reduce traffic congestion, strengthen the economy of the County and improve quality of life, includes continued investment to expand and improve the County's freeway system, a commitment to maintaining and improving the network of streets and roads throughout the County, an expansion of the Metrolink rail transit system, additional transit services for seniors and the disabled and funds to cleanup runoff from roads to eliminate beach pollution and beach closures.

Amendment of Ordinance and Investment Plan

Pursuant to the original Ordinance, the Board of Directors may amend the original Ordinance, including the original Investment Plan, to provide for the use of additional federal, State or local funds, to account for unexpected revenues, or to take into consideration unforeseen circumstances. In order to amend the original Ordinance or the original Investment Plan, the Authority is required to notify the Board of Supervisors of the County and the city council of each city located in the County, to provide each such entity with a copy of the proposed amendment, and to hold a public hearing concerning the proposed amendment prior to adoption, which shall require approval by a vote of not less than two thirds of the members of the Board of Directors.

Subsequent to adoption and approval of the original Ordinance in 2006, the original Ordinance has been amended to modify Taxpayer Oversight Committee membership eligibility and to account for additional funding provided for fare stabilization as a result of reallocation of funds within the transit improvement category. Subsequent to adoption and approval of the original Investment Plan in 2006, the original Investment Plan has been amended to reallocate funds within the freeway improvement category and to reallocate funds within the transit improvement category.

Taxable Sales Forecasts

In 2006, based upon taxable sales forecasts prepared by Chapman University, the University of California, Los Angeles, and California State University, Fullerton in connection with the adoption of the original Ordinance, the Authority contemplated receipt of approximately $24.3 billion in nominal dollars (*i.e.*, year collected dollars assuming a growth factor and not adjusted for inflation) over the thirty-year life of the Sales Tax, April 1, 2011 through March 31, 2041. Since collection of the Sales Tax commenced on April 1, 2011, Authority staff have received annual taxable sales forecast updates. In addition, Authority staff have monitored actual receipts and have compared its actual receipts to the taxable sales forecasts to support the Authority's financial planning and budgeting. Authority staff regularly compare actual sales tax receipts with the taxable sales forecasts and provide updates to the Board of Directors on a quarterly basis. As a result of such monitoring, beginning in Fiscal Year 2014, Authority staff noted that the forecasted growth rates provided by the taxable sales forecasts were not accurately predicting actual growth rates. As a result of the variances noted between forecasted growth rates and actual growth rates, at the direction of the Board of Directors, Authority staff conducted a review of its taxable sales forecast methodology and provided recommendations for revisions to the Board of Directors, which were adopted by the Board of Directors on March 28, 2016. Pursuant to the revised taxable sales tax methodology, which was implemented for the Authority Budget for Fiscal Year 2017, Authority staff rely on: (i) taxable sales tax forecast prepared by MuniServices, LLC for the first five (5) years; and (ii) an average of the taxable sales tax forecasts prepared by the three universities identified above for the remaining years.

As a result of (i) what has been identified as the Great Recession, which, according to the U.S. National Bureau of Economic Research commenced in December 2007 and ended in June 2009, and was not contemplated in the taxable sales forecasts prepared by the three universities identified above in connection with adoption of the Ordinance, and (ii) implementation of the revised taxable sales forecast methodology, the Authority has revised its estimate regarding the nominal dollars which the Authority contemplates receiving over the thirty-year life of the Sales Tax. Based upon its most recent review which takes into account the actual amount of Sales Tax received during the Fiscal Year ended June 30, 2018, the Authority is currently contemplating receipt of approximately $13.1 billion in nominal dollars (*i.e.*, year collected dollars assuming a growth factor and not adjusted for inflation) over the thirty-year life of the Sales Tax.

To support its financial planning and budgeting and in accordance with the monitoring and reporting procedures described above, Authority staff and the Board of Directors will continue to review its estimates regarding anticipated receipts over the life of the Sales Tax. Such estimates are prepared for financial planning and budgeting purposes only. Any such estimates are inherently subject to a variety of risks and uncertainties which could cause actual receipts to differ from such estimates and such estimates should not be regarded as a representation by the Authority.

Investment Plan Allocations

The Authority has also reviewed and revised its allocations of among the funding categories set forth in the original Investment Plan to address the changes in the Authority's expectations regarding nominal dollars to be received. The revised allocation of gross revenues and the revised allocation of net revenues are set forth below.

Revised Allocation - Gross Revenues

Taxpayer Safeguards, Audits and CDTFA Fees	2.5%
Environmental Cleanup:	2.0%

Revised Allocation – Net Revenues

Freeways:	43.0%
Streets and Roads Projects, including the Local Fair Share Program:	32.0%
Transit Projects:	25.0%

Based on careful management and continued monitoring of risks, the Authority currently anticipates that the full scope of the projects and programs identified in the Investment Plan will be delivered.

INVESTMENTS AND INVESTMENT POLICY

The Board of Directors of OCTA which serves as the Board of Directors of the Authority adopts an investment policy (each, an "Investment Policy") on an annual basis. Each Investment Policy is governed by the provisions of the California Government Code and governs the investment of the funds of OCTA and its affiliates, including the Authority, 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 C - "Summary of Principal Documents - Definitions" and "Investment in Funds and Accounts." The current Investment Policy was adopted on June 11, 2018 and is set forth in Appendix F - "Orange County Transportation Authority 2018 Investment Policy."

INVESTMENT CONSIDERATIONS

Economy of the County and the State

The Series 2019 Bonds are secured by a pledge of Sales Tax Revenues. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally.

For information relating to current economic conditions within the County, see Appendix A - "Economic and Demographic Data Pertaining to the County of Orange."

Changes in Taxable Items

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. For a further description of the Sales Tax, see "The Sales Tax" herein.

Effect of Continued Growth in Internet Commerce

It is possible that collections of the Sales Tax in the future could be adversely impacted due to the continued growth of commerce over the internet. Notwithstanding: (i) that goods purchased from out-of-state retailers for delivery to a customer within the County are subject to California use tax and within the Sales Tax; and (ii) that the United States Supreme Court recently held in *South Dakota v. Wayfair*, decided on June 21, 2018, that state and local government have the authority to require out-of-state vendors, with no local physical presence in a state, to collect and remit sales taxes to state and local governments, such sales are often unreported. In addition, goods purchased from out-of-state retailers for delivery to a customer within the County could displace sales from retailers located within the County.

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 XIIIC and XIIID to the California Constitution. Article XIIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Authority. The extension of the Sales Tax in November 2006 received the approval of more than 2/3 of the voters as required by Article XIIIC. However, Article XIIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Authority, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the Series 2019 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will continue to be determined by the courts.

Further Initiatives

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

Natural and Manmade Disasters

Seismic events, floods, droughts, wildfires, riots, terrorism or other calamities may occur from time to time in the County. Any such event (or combination of events) may have a negative impact on the County economy and reduce the amount of sales and use taxes collected in the County, and in turn could potentially have a material adverse effect on amount the Sales Tax Revenues received by the Authority.

Limitations on Remedies in the Event of Bankruptcy of the Authority

The 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 Authority. Should the Authority file for bankruptcy, there could be adverse effects on the owners of the Series 2019 Bonds.

If the Sales Tax Revenues are "special revenues" under Chapter 9, then Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture for the benefit of the owners of the Series 2019 Bonds. No assurance can be given, however, that a bankruptcy court will determine that the Sales Tax Revenues constitute "special revenues." If a bankruptcy court were to hold that the Sales Tax Revenues are not "special revenues," then Sales Tax Revenues collected after the filing of the bankruptcy petition would likely not be subject to the lien of the Indenture. Under such circumstances, it is not clear whether owners of the Series 2019 Bonds would be treated as general unsecured creditors of the Authority or whether the owners of the Series 2019 Bonds would have no further claim against any assets of the Authority. In either case, the owners of the Series 2019 Bonds could suffer substantial losses. If a bankruptcy court were to hold that the Sales Tax Revenues are "special revenues," then the owners of the Series 2019 Bonds will likely have no recourse to any assets or revenues of the Authority other than 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 Sales Tax Revenues are held to constitute special revenues, the Authority may be able to use Sales Tax Revenues to pay necessary operating expenses of the Authority before making payments on the Series 2019 Bonds, notwithstanding the provisions of the 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 Sales Tax Revenues directly to the Trustee, the Authority may be able to require CDTFA to transfer Sales Tax Revenues directly to the Authority.

Unless the permission of the bankruptcy court is obtained, the Trustee and the owners of the Series 2019 Bonds may be prohibited from taking any action to collect any amount from the Authority or to enforce any obligation of the Authority. These restrictions may also prevent the Trustee from making payments to the owners of Series 2019 Bonds from funds in the Trustee's possession during the pendency of the bankruptcy proceedings.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Sales Tax Revenues), which lien could have priority over the lien of the Indenture, as long as the bankruptcy court determines that the rights of the owners of the Series 2019 Bonds will be adequately protected. The Authority may be able to cause some of the Sales Tax Revenues to be released to it, free and clear of the lien of the Indenture, as long as the bankruptcy court determines that the rights of the owners of the Series 2019 Bonds will be adequately protected.

The Authority may be able, without the consent and over the objection of the Trustee or the owners of the Series 2019 Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture, the Series 2019 Bonds, or any other agreement relating to the Series 2019 Bonds to which the Authority is a party (including the provisions providing for the transfer of Sales Tax Revenues from CDTFA to the Trustee), as long as the bankruptcy court determines that the alterations are fair and equitable.

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. It is not possible to predict the outcomes or the effects of the outcomes in these appeals.

Actions could be taken in a bankruptcy case of the Authority which could adversely affect the exclusion of interest on the Series 2019 Bonds from gross income for federal income tax purposes.

There may be delays in payments on the Series 2019 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Authority that could result in delays or reductions in payments on the Series 2019 Bonds or result in losses to the owners of the Series 2019 Bonds. Regardless of any specific adverse determinations in an Authority bankruptcy proceeding, the fact of an Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2019 Bonds.

Risk of Bankruptcy of Related Entities

As described above under the caption "The Authority – Consolidation and Formation of the Orange County Transportation Authority," OCTA has assumed the combined duties of the 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 OCTA, 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 2019 Bonds or other losses for the owners of the Series 2019 Bonds.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2019 Bonds in the event of a default in the payment of principal and interest on the Series 2019 Bonds when due. In the event of a default by the Authority, each Holder of a Series 2019 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture." See Appendix C – "Summary of Principal Documents – Events of Default and Remedies."

Loss of Tax Exemption

As discussed under "Tax Matters," interest on the Series 2019 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2019 Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the Series 2019 Bonds. Should interest become includable in federal gross income, the Series 2019 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Authority and OCTA for the fiscal year ended June 30, 2018, included as Appendix B-1 and Appendix B-2 to this Official Statement, have been audited by Vavrinek, Trine, Day & Co. LLP, independent auditors, as stated in their report therein. See Appendix B – 1 Audited Financial Statements of the Orange County Local Transportation Authority/Orange County Transportation Authority For Fiscal Year Ended June 30, 2018 and Appendix B-2 Audited Financial Statements of the Orange County Transportation Authority For Fiscal Year Ended June 30, 2018." Vavrinek, Trine, Day & Co. LLP was not requested to consent to the inclusion of their report in Appendix B-1 or Appendix B-2, nor has Vavrinek, Trine, Day & Co. 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 Vavrinek, Trine, Day & Co. LLP with respect to any event subsequent to the date of their reports.

RATINGS

Fitch Ratings ("Fitch") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") have assigned the Series 2019 Bonds 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: Fitch, 33 Whitehall Street, New York, New York 10004; and S&P Global Ratings, 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 2019 Bonds. To give notices required to be given to Moody's Investors Service, Inc. ("Moody's") pursuant to the Indenture in connection with the issuance of the Series 2019 Bonds, representatives of the Authority met with Moody's, which assigns a rating to the Series 2010 Bonds. The Authority did not request that Moody's assign a rating to the Series 2019 Bonds.

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 2019 Bonds 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 2019 Bonds 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 E 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 2019 Bonds. The Authority has covenanted to comply with certain restrictions designed to assure that interest on the Series 2019 Bonds will not be includable in federal gross income. Failure to comply with these covenants may result in interest on the Series 2019 Bonds being includable in federal gross income, possibly from the date of issuance of the Series 2019 Bonds. 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 2019 Bonds may affect the value of, or the tax status of, interest on the Series 2019 Bonds. 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 2019 Bonds. 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 2019 Bonds 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 2019 Bonds 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 2019 Bond 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 2019 Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Series 2019 Bond (other than a purchaser who holds such Series 2019 Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Series 2019 Bond 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 2019 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Series 2019 Bond and the basis of such Series 2019 Bond acquired at such initial offering price by an initial purchaser of each such Series 2019 Bond 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 2019 Bonds who purchase such Series 2019 Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Series 2019 Bonds 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 2019 Bonds. All holders of such Series 2019 Bonds 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 2019 Bond based on the purchaser's yield to maturity in such Series 2019 Bonds, except that in the case of such a Series 2019 Bond 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 2019 Bond. A purchaser of such a Series 2019 Bond is required to decrease his or her adjusted basis in such Series 2019 Bond by the amount of Series 2019 Bond premium attributable to each taxable year in which such purchaser holds such Series 2019 Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Series 2019 Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Series 2019 Bond and with respect to the state and local tax consequences of owning and disposing of such a Series 2019 Bond.

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 2019 Bond 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 2019 Bonds 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 2019 Bonds will not have an adverse effect on the tax-exempt status or market price of the Series 2019 Bonds.

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 2019 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2019 Bonds might be affected as a result of such an audit of the Series 2019 Bonds (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 2019 Bonds. 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 2019 Bond 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 2019 Bonds 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.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under provisions of the Act, the Series 2019 Bonds are legal investments in California for all trust funds, funds of insurance companies, commercial and savings banks, trust companies and State school funds, and are eligible to secure deposits of public moneys.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Authority, threatened concerning the validity of the Series 2019 Bonds. 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 impose and collect the Sales Tax or pledge the Revenues, including, without limitation, the Sales Tax Revenues, 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 2019 Bonds 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 D, 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, 2019, 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 Bondholders and Beneficial Owners of the Series 2019 Bonds 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 2019 Bonds are subject to the approving opinion of Nossaman LLP, Los Angeles, California, Bond Counsel, the form of which is attached hereto as Appendix E. 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 2019 Bonds 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 2019 Bonds at a price equal to $___________ (the aggregate principal amount of the Series 2019 Bonds, less an underwriters' discount of $___________, plus an original issue premium/less an original issue discount of $__________. The purchase agreement relating to the Series 2019 Bonds provides that the Underwriters will purchase all of the Series 2019 Bonds 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.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2019 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2019 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2019 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2019 Bonds that such firm sells.

The Series 2019 Bonds 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 Underwriters. The Authority cannot and does not assume any responsibility for the accuracy of any of the information set forth below under this caption.

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

Merrill Lynch, Pierce, Fenner & Smith Incorporated is an underwriter with respect to the Series 2019 Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated and BANA, which is extending lines of credit to the Authority pursuant to the 2019 Credit Agreement and the 2021 Credit Agreement, are affiliated and are subsidiaries of Bank of America Corporation.

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 2019 Bonds. 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) 560-5563.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY

By:______________________________
Chief Executive Officer

APPENDIX A

ECONOMIC AND DEMOGRAPHIC DATA PERTAINING TO THE COUNTY OF ORANGE

General Information

The boundaries of the jurisdiction of the Orange County Local 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

Growth 2007-2017. The County is the third most populous county in the State of California (the "State") and the sixth most populous in the United States. During the period 2008 through 2017, the population of the County increased by approximately 7.9%, compared to 8.0% for the State and 7.1% for the United States.

TABLE 1

COUNTY OF ORANGE, STATE OF CALIFORNIA AND UNITED STATES POPULATION GROWTH

Date	County	State	United States
2008	2,957,593	36,604,337	304,093,966
2009	2,987,177	36,961,229	306,771,529
2010	3,017,116	37,327,690	309,338,421
2011	3,053,465	37,672,654	311,644,280
2012	3,085,386	38,019,006	313,993,272
2013	3,113,649	38,347,383	316,234,505
2014	3,136,750	38,701,278	318,622,525
2015	3,160,576	39,032,444	321,039,839
2016	3,177,703	39,296,476	323,405,935
2017	3,190,400	39,536,653	325,719,178

Sources: U.S. Census Bureau statistics, May 2018.

Projected Growth Through 2060. Table 2 includes population projections for the County, the State and the United States. The County is expected to have growth rates lower than the levels projected for the State and the United States between 2020 and 2060, 12.8%, 25.4% and 21.4% respectively.

TABLE 2

COUNTY OF ORANGE, STATE OF CALIFORNIA AND UNITED STATES POPULATION PROJECTIONS

Year	County	State	United States
2020	3,206,012	40,639,392	332,555,000
2030	3,433,510	43,939,250	354,840,000
2040	3,558,071	46,804,202	373,121,000
2050	3,615,935	49,077,801	388,335,000
2060	3,616,576	50,975,904	403,697,000

Sources: Orange County and State Projections – California State Department of Finance, January 2018. United States Projections – Census Bureau, March 2018.

Public Schools (Elementary and Secondary)

Public instruction in the County is provided by twelve elementary school districts, three high school districts, and fourteen unified (combined elementary and high school) districts. For 2017-18, the largest district, the Capistrano Unified District, had 53,622 students enrolled. Public school enrollment for the period 2012-13 through 2017-18 is presented in Table 3.

TABLE 3

COUNTY OF ORANGE PUBLIC SCHOOL ENROLLMENT

Grade Levels	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Enrollment K-12	501,801	500,487	497,116	493,030	490,430	485,835

Source: California Department of Education, DataQuest Reports.

Colleges and Universities

The County has a number of top-rated, college-level educational institutions, including the University of California at Irvine, the California State University at Fullerton, several private colleges, universities and law schools and four community college districts.

Employment

Table 4 summarizes the historical numbers of workers in the County since 2012.

TABLE 4

COUNTY OF ORANGE
ESTIMATED WAGE AND SALARY WORKERS BY INDUSTRY[(1)]

	2012		2013		2014		2015		2016		2017	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Agricultural	2,800	<1%	2,900	<1%	2,800	<1%	2,400	<1%	2,400	<1%	2,200	<1%
Mining & Logging	600	<1%	600	<1%	700	<1%	600	<1%	600	<1%	700	<1%
Construction	72,900	5%	78,400	5%	83,100	6%	91,700	6%	97,400	6%	101,700	6%
Manufacturing (Durable & Nondurable)	158,300	11%	158,000	11%	157,400	10%	157,000	10%	157,000	10%	158,600	10%
Trade, Transportation and Utilities	249,200	17%	252,400	17%	255,800	17%	259,200	17%	260,500	16%	263,000	16%
Information (Telecom & Publishing)	24,300	2%	25,000	2%	24,500	2%	25,500	2%	26,400	2%	27,300	2%
Finance, Insurance & Real Estate	108,300	8%	113,100	8%	113,600	8%	116,100	8%	117,600	7%	119,000	7%
Services (Professional, Health, Ed. Etc.)	662,800	46%	686,700	47%	709,200	47%	738,100	48%	765,300	48%	785,800	49%
Government	147,900	10%	148,700	10%	152,200	10%	156,400	10%	159,600	10%	160,500	10%
Total All Industries	1,427,100	100%	1,465,800	100%	1,499,300	100%	1,547,000	100%	1,586,800	100%	1,618,800	100%

(1) Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding.

Source: California Employment Development Department, excluding percentages which were calculated by Sperry Capital Inc.

Major Employers

Table 5 lists the major employers in the County.

TABLE 5

COUNTY OF ORANGE MAJOR EMPLOYERS

Employer Name	Number of Employees [(Full and Part-Time)]
Walt Disney Company	30,000
University of California, Irvine	23,605
County of Orange	17,146
St. Joseph Health System	13,786
Kaiser Permanente	7,800
Boeing Co.	6,103
Albertsons Southern California Division	6,057
Wal-Mart Stores Inc.	6,000
Hoag Memorial Hospital - Presbyterian	5,680
Target Corp.	5,400

Source: Orange County Business Journal Book of Lists ([2018]).

Labor Force, Employment and Unemployment

Table 6 summarizes the labor force, employment, and unemployment figures over the period 2010 through 2017 for the County and the State.

TABLE 6

COUNTY OF ORANGE AND STATE OF CALIFORNIA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
YEARLY AVERAGE

Year and Area	Civilian Labor Force	Civilian Employment	Civilian Unemployment	Civilian Unemployment Rate
2010				
Orange County	1,537,200	1,387,400	149,700	9.7%
California	18,336,300	16,091,900	2,244,300	12.2
2011				
Orange County	1,546,400	1,406,400	140,000	9.1
California	18,415,100	16,258,100	2,157,000	11.7
2012				
Orange County	1,562,100	1,439,300	122,900	7.9
California	18,523,800	16,602,700	1,921,100	10.4
2013				
Orange County	1,565,300	1,462,300	103,100	6.6
California	18,625,000	16,958,400	1,666,600	8.9
2014				
Orange County	1,572,700	1,486,400	86,300	5.5
California	18,758,400	17,351,300	1,407,100	7.5
2015				
Orange County	1,588,800	1,517,800	70,900	4.5
California	18,896,500	17,724,800	1,171,700	6.2
2016				
Orange County	1,602,500	1,537,700	64,800	4.0
California	19,093,700	18,048,800	1,044,800	5.5
2017				
Orange County	1,618,800	1,561,700	57,000	3.5
California	19,311,700	18,387,800	923,900	4.8

Source: California Employment Development Department. Data not seasonally adjusted. March 2017 Benchmark, data as of March 2018.