

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2015 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2015 Bonds. See "TAX MATTERS" herein.

\$106,100,000

**SACRAMENTO TRANSPORTATION AUTHORITY
MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2015A
(LIMITED TAX BONDS)**

Dated: Date of Delivery**Due: October 1, 2038**

The Sacramento Transportation Authority (the "Authority") will issue the Bonds described herein (the "Series 2015 Bonds") pursuant to an Indenture, dated as of September 1, 2009 (the "Master Indenture"), as amended and supplemented, including by a First Supplemental Indenture, dated as of September 1, 2009 (the "First Supplemental Indenture"), a Second Supplemental Indenture, dated as of September 1, 2011 (the "Second Supplemental Indenture"), a Third Supplemental Indenture, dated as of July 1, 2012 (the "Third Supplemental Indenture"), a Fourth Supplemental Indenture, dated as of September 1, 2014 (the "Fourth Supplemental Indenture") and a Fifth Supplemental Indenture, dated as of March 1, 2015 (the "Fifth Supplemental Indenture" and collectively with the Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture and any further supplements and amendments, the "Indenture"), between the Authority and U.S. Bank National Association, as successor trustee.

The Series 2015 Bonds are limited obligations of the Authority secured by a pledge of Revenues which consist of the Sales Tax Revenues and certain other moneys described herein. Sales Tax Revenues consist of revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the "2004 Measure A Sales Tax"), less certain administrative fees paid to the California State Board of Equalization in connection with the collection and disbursement of the 2004 Measure A Sales Tax (the "Sales Tax Revenues"). The 2004 Measure A Sales Tax was approved by more than 75% of the electorate of the County of Sacramento voting on the ballot measure in November 2004. Collection of the 2004 Measure A Sales Tax commenced April 1, 2009 and will expire on March 31, 2039. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS."

The Authority has previously issued bonds and incurred Parity Obligations (as defined herein), including the Authority's Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) currently outstanding in the principal amount of \$106,100,000, the Authority's Measure A Sales Tax Revenue Bonds, Series 2012 (Limited Tax Bonds) currently outstanding in the principal amount of \$53,355,000, and the Authority's Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) currently outstanding in the principal amount of \$106,100,000 that are secured under the Indenture by the pledge of Revenues and payable on a parity with the Series 2015 Bonds. The Authority has incurred and may issue or incur additional bonds, Parity Obligations, Subordinate Obligations or Fee and Expense Obligations in accordance with the terms of the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS" herein.

There is no reserve fund securing the Series 2015 Bonds.

Proceeds from the sale of the Series 2015 Bonds will be used by the Authority to redeem the Authority's Measure A Sales Tax Revenue Bonds, Series 2009B (Limited Tax Bonds) currently outstanding in the principal amount of \$106,100,000.

The Series 2015 Bonds will be dated their date of delivery. The principal amount, initial interest rate determination method (being the Weekly Rate), first reset date, first effective date, initial interest payment dates, maturity date, initial authorized denominations, liquidity provider and certain other information relating to the Series 2015 Bonds are summarized in the Summary of Offering on the inside cover page. Investors may purchase Series 2015 Bonds in book-entry form only.

The Series 2015 Bonds are subject to mandatory sinking account redemption by the Authority prior to maturity as described in this Official Statement. The Series 2015 Bonds also are subject to optional redemption or purchase by the Authority prior to maturity as described in this Official Statement. See "THE SERIES 2015 BONDS – Redemption Terms." The Series 2015 Bonds also are subject to optional and mandatory tender for purchase and remarketing as described in this Official Statement.

The Authority will enter into a Standby Bond Purchase Agreement with respect to the Series 2015 Bonds dated as of March 1, 2015 (the "2015 Liquidity Facility"), with the Trustee and Mizuho Bank, Ltd., acting through its New York Branch (the "2015 Liquidity Facility Provider"). Pursuant to the terms of the 2015 Liquidity Facility, the 2015 Liquidity Facility Provider will be obligated to purchase Series 2015 Bonds that are tendered for purchase and not remarketed, subject to the occurrence of certain suspension and termination events as more fully described herein. See "THE 2015 LIQUIDITY FACILITY." Unless earlier terminated or extended pursuant to its terms, the 2015 Liquidity Facility will expire on March 12, 2018 (or if such day is not a business day, the immediately preceding business day).

UNDER CERTAIN CIRCUMSTANCES THE OBLIGATION OF THE 2015 LIQUIDITY FACILITY PROVIDER TO PURCHASE SERIES 2015 BONDS TENDERED FOR PURCHASE BY THE OWNERS THEREOF MAY BE TERMINATED OR SUSPENDED WITHOUT A PURCHASE BY THE 2015 LIQUIDITY FACILITY PROVIDER. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE SUCH SERIES 2015 BONDS TENDERED FOR PURCHASE BY THE OWNERS THEREOF. IN ADDITION, THE 2015 LIQUIDITY FACILITY DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2015 BONDS. IF, FOR ANY REASON, SUFFICIENT FUNDS ARE NOT AVAILABLE UNDER THE 2015 LIQUIDITY FACILITY TO PAY THE PURCHASE PRICE OF SERIES 2015 BONDS TENDERED FOR PURCHASE AND NOT REMARKETED, THE AUTHORITY IS NOT OBLIGATED TO PAY THE PURCHASE PRICE OF SUCH SERIES 2015 BONDS AND FAILURE TO PAY THE PURCHASE PRICE OF SUCH SERIES 2015 BONDS IS NOT AN EVENT OF DEFAULT UNDER THE SERIES 2015 BONDS OR THE INDENTURE. SEE "THE SERIES 2015 BONDS – FUNDING OPTIONAL AND MANDATORY TENDERS OF SERIES 2015 BONDS."



THE SERIES 2015 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST, FROM REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2015 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY ARE NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2015 BONDS OR THEIR INTEREST. THE SERIES 2015 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE.

The Series 2015 Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its general counsel, by Nossaman LLP, Disclosure Counsel to the Authority, for the 2015 Liquidity Provider by its counsel, Chapman and Cutler LLP, Chicago, Illinois, and for the Underwriter/Remarketing Agent by its counsel, Nixon Peabody LLP. J.P. Morgan Securities LLC is serving as Remarketing Agent for the Series 2015 Bonds. It is expected that the Series 2015 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March 12, 2015.

J.P.Morgan

\$106,100,000
SACRAMENTO TRANSPORTATION AUTHORITY
MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2015A
(LIMITED TAX BONDS)

Maturity Date:	October 1, 2038
Price:	100%
Initial Authorized Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof
Initial Interest Rate Determination Method**:	Weekly Rate
First Reset Date:	March 18, 2015
First Effective Date:	March 19, 2015
Initial Interest Payment Dates:	First Business Day of each calendar month commencing April 1, 2015
Initial Record Date for Interest Payments:	Business Day prior to Interest Payment Date
Liquidity Provider:	Mizuho Bank, Ltd., acting through its New York Branch
CUSIP No.†:	786074BE3

** Upon satisfaction of certain conditions set forth in the Indenture, the Series 2015 Bonds may bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate), provided however, that all Series 2015 Bonds must be in the same Interest Rate Determination Method. See "THE SERIES 2015 BONDS."

† Copyright 2015 American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Neither the Authority nor the Underwriter takes any responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of the owners of the Series 2015 Bonds.

This Official Statement describes the Series 2015 Bonds only while they bear interest at a Daily Rate or a Weekly Rate. The Series 2015 Bonds may be converted to bear interest at rates other than a Daily Rate or Weekly Rate. There are significant changes in the terms of the Series 2015 Bonds while such Series 2015 Bonds bear interest at rates other than a Daily Rate or Weekly Rate. THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2015 BONDS OTHER THAN WHILE SUCH SERIES 2015 BONDS BEAR INTEREST AT A DAILY RATE OR A WEEKLY RATE.

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 2015 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Authority, the Underwriter, the 2015 Liquidity Facility Provider (with respect to the information provided in Appendix G) and other sources that are believed by the Authority to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the 2015 Liquidity Facility Provider or the Underwriter.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2015 Bonds.

This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2015 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Authority.

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Certain capitalized terms used but not defined herein are defined in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE-Definitions.”

In connection with the offering of the Series 2015 Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2015 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2015 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the Summary of Offering on the inside cover page and such public offering prices may be changed from time to time by the Underwriter.

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as

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

SACRAMENTO TRANSPORTATION AUTHORITY

Governing Board

Susan Peters
Phil Serna
Patrick Kennedy
Roberta MacGlashan
Don Nottoli
Gary Davis
Patrick Hume
Rick Jennings

Robert McGarvey
Curt Champion
Jay Schenirer
Steve Hansen
Kerri Howell
Sue Frost
Larry Carr
Jeff Harris

Alternate Board Members

Angelique Ashby
Nick Avdis
Mark Crews
Kevin Johnson
Steve Miller

Andy Morin
Teresa Stanley
Donald Terry
Allen Warren

Administrative Staff

Brian Williams, Executive Director
Lisa Valine, Accounting Manager
Norman Hom, Administrative Services Officer
William Burke, General Counsel and Deputy County Counsel

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Financial Advisor

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San Francisco, California

Bond Counsel

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Sacramento, California

Disclosure Counsel

Nossaman LLP
Los Angeles, California

Trustee

U.S. Bank National Association
San Francisco, California

Remarketing Agent

J.P. Morgan Securities LLC
San Francisco, California

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OFFICIAL STATEMENT

\$106,100,000

SACRAMENTO TRANSPORTATION AUTHORITY MEASURE A SALES TAX REVENUE REFUNDING BONDS, SERIES 2015A (LIMITED TAX BONDS)

INTRODUCTION AND PURPOSE OF THE SERIES 2015 BONDS

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

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the issuance and sale by the Sacramento Transportation Authority (the “Authority”) of \$106,100,000 aggregate principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds) (the “Series 2015 Bonds”).

The Series 2015 Bonds are being issued pursuant to an Indenture, dated as of September 1, 2009, (the “Master Indenture”), as amended and supplemented by a First Supplemental Indenture, dated as of September 1, 2009 (the “First Supplemental Indenture”), a Second Supplemental Indenture, dated as of September 1, 2011 (the “Second Supplemental Indenture”), a Third Supplemental Indenture, dated as of July 1, 2012 (the “Third Supplemental Indenture”), a Fourth Supplemental Indenture, dated as of September 1, 2014 (the “Fourth Supplemental Indenture”) and a Fifth Supplemental Indenture, dated as of March 1, 2015 (the “Fifth Supplemental Indenture” and collectively with the Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture and any further supplements and amendments, the “Indenture”), between the Authority and U.S. Bank National Association, as successor trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, in the Indenture.

The Series 2015 Bonds will initially be issued bearing interest at the Weekly Rate. This Official Statement describes the Series 2015 Bonds only while they bear interest at a Daily Rate or a Weekly Rate. The Series 2015 Bonds may be converted to bear interest at rates other than a Daily Rate or Weekly Rate. There are significant changes in the terms of the Series 2015 Bonds while such Series 2015 Bonds bear interest at rates other than a Daily Rate or Weekly Rate. THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2015 BONDS OTHER THAN WHILE SUCH SERIES 2015 BONDS BEAR INTEREST AT A DAILY RATE OR A WEEKLY RATE.

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

The Series 2015 Bonds are limited obligations of the Authority secured by a pledge of Revenues which consist of the Sales Tax Revenues and certain other moneys described herein. Sales Tax Revenues consist of revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the

“2004 Measure A Sales Tax”), less certain administrative fees paid to the California State Board of Equalization (the “Board of Equalization”) in connection with the collection and disbursement of the 2004 Measure A Sales Tax (the “Sales Tax Revenues”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS” herein.

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

The Series 2015 Bonds are secured by a pledge of Revenues under the Indenture and payable on a parity with the Authority’s Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds) currently outstanding in the principal amount of \$106,100,000 (the “Series 2009C Bonds”), the Authority’s Measure A Sales Tax Revenue Bonds, Series 2012 (Limited Tax Bonds) currently outstanding in the principal amount of \$53,355,000 (the “Series 2012 Bonds”), and the Authority’s Measure A Sales Tax Revenue Refunding Bonds, Series 2014A (Limited Tax Bonds) currently outstanding in the principal amount of \$106,100,000 (the “Series 2014A Bonds”).

The Series 2015 Bonds are variable rate bonds that are supported by a Standby Bond Purchase Agreement dated as of March 1, 2015 (the “2015 Liquidity Facility”), among the Authority, the Trustee and Mizuho Bank, Ltd., acting through its New York Branch (the “2015 Liquidity Facility Provider”). The Series 2015 Bonds will bear interest at a Weekly Rate and have a maturity date of October 1, 2038. See “2015 LIQUIDITY FACILITY” for additional information regarding the 2015 Liquidity Facility and APPENDIX G – “THE 2015 LIQUIDITY FACILITY PROVIDER” for information regarding the 2015 Liquidity Facility Provider. The Series 2009C Bonds are variable rate bonds that are supported by a standby bond purchase agreement (the “2009C Liquidity Facility”) with U.S. Bank National Association. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Liquidity Arrangements.” The Series 2014A Bonds are variable rate bonds that bear interest at a percentage of one-month LIBOR plus a specified spread. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Direct Purchase Arrangements.” The 2015 Liquidity Facility does not support nor provide funds or security for the Series 2009C Bonds, the Series 2012 Bonds or the Series 2014A Bonds, and the 2009C Liquidity Facility does not support nor provide funds or security for the Series 2012 Bonds, the Series 2014A Bonds or the Series 2015 Bonds.

Additional bonds and other obligations secured by a pledge of the Revenues and payable on a parity (the “Parity Obligations”) with the Series 2015 Bonds, the Series 2014A Bonds, the Series 2012 Bonds and the Series 2009C Bonds have been incurred and may in the future be issued or incurred subject to satisfaction of certain requirements as set forth in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Additional Bonds and Parity Obligations.” The Series 2009C Bonds, the Series 2012 Bonds, the Series 2014A Bonds and the Series 2015 Bonds and any additional bonds hereafter authorized by, and at any time Outstanding under, the Indenture, are referred to collectively herein as the “Bonds.”

Other obligations of the Authority secured by a pledge of the Revenues (including Sales Tax Revenues) and payable on a basis subordinate to any Bonds and the Parity Obligations may hereafter be issued or incurred (the “Subordinate Obligations”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS - Subordinate Obligations” herein.

In October 2006 and in anticipation of certain variable rate demand bonds issued by the Authority in 2009 in an aggregate principal amount of \$318,300,000, the Authority entered into three interest rate swap agreements in an initial aggregate notional amount of \$318,300,000 (the “Initial Swaps”), pursuant to which the Authority has agreed to pay to the counterparties a fixed rate of interest and each of the

counterparties has agreed to pay the Authority a floating rate of interest. The Initial Swaps became effective as of October 1, 2009 and the notional amounts amortize in tandem with the amortization of the Series 2009C Bonds and the Series 2014A Bonds (which refunded one series of the bonds originally issued in 2009) and will amortize in tandem with amortization of the 2015 Bonds. Regularly scheduled payments on the Initial Swaps are secured under the Indenture as Parity Obligations and are payable on a parity with the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Initial Swap Agreements.”

The obligation of the Authority to make termination payments under the Initial Swaps, the obligation of the Authority to pay fees, expenses and other charges under the liquidity facilities related to the Series 2009C Bonds and the Series 2015 Bonds, the obligation of the Authority to pay fees and expenses under the continuing covenant agreement relating to the Series 2014A Bonds, and certain other obligations of the Authority which constitute fees, expenses and similar charges in connection with any Bonds, the Parity Obligations and the Subordinate Obligations that may be issued or incurred (collectively, the “Fee and Expense Obligations”) shall be payable on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations.

There is no reserve fund securing the Series 2015 Bonds.

The Authority will apply the proceeds of the Series 2015 Bonds to redeem all of the Authority’s outstanding Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2009B currently outstanding in the principal amount of \$106,100,000 (the “Refunded Bonds”). See “SUMMARY OF REFUNDING PLAN.”

Pursuant to the Indenture, the Series 2015 Bonds will be subject to optional and mandatory tender for purchase at a purchase price equal to the principal thereof plus accrued interest thereon, if any, to the date of purchase (the “Purchase Price”), as provided in the Indenture. See “THE SERIES 2015 BONDS – Optional Tender Provisions” and “- Mandatory Tender Provisions.” In order to provide for the payment of the Purchase Price of the Series 2015 Bonds tendered for purchase and not remarketed, the Authority will enter into the 2015 Liquidity Facility with the 2015 Liquidity Facility Provider. Pursuant to the terms of the 2015 Liquidity Facility, with respect to Series 2015 Bonds that are tendered for purchase and not remarketed, the 2015 Liquidity Facility Provider will be obligated to purchase the Series 2015 Bonds, subject to the occurrence of certain suspension and termination events specified therein. Unless earlier terminated or extended pursuant to its terms, the 2015 Liquidity Facility will expire on March 12, 2018 (or if such day is not a business day, the immediately preceding business day) (the “Stated Expiration Date”). See “THE 2015 LIQUIDITY FACILITY” and APPENDIX G – “THE 2015 LIQUIDITY FACILITY PROVIDER.”

If, for any reason, sufficient funds are not available under the 2015 Liquidity Facility to pay the Purchase Price of Series 2015 Bonds tendered for purchase and not remarketed, the Authority is not obligated to pay the Purchase Price of such Series 2015 Bonds and failure to pay the Purchase Price of such Series 2015 Bonds is not an Event of Default under any of the Series 2015 Bonds or the Indenture. See “THE SERIES 2015 BONDS – Funding Optional and Mandatory Tenders of Series 2015 Bonds.”

The initial Remarketing Agent for the Series 2015 Bonds is J.P. Morgan Securities LLC (the “Remarketing Agent”). The Authority will enter into a Remarketing Agreement covering the Series 2015 Bonds with the Remarketing Agent. The Remarketing Agent undertakes, among other things, to use its best efforts to remarket the Series 2015 Bonds that are tendered for purchase. The Remarketing Agent also undertakes to set the interest rate on the Series 2015 Bonds. The Authority or the Remarketing Agent may terminate the Remarketing Agreement under the circumstances and in the manner described in

the Remarketing Agreement, in which case the Authority expects to appoint a replacement remarketing agent in accordance with the Indenture. See “REMARKETING AGENT” below.

The purchase of the Series 2015 Bonds involves risks, certain of which are discussed under “RISK FACTORS” below.

See “CONTINUING DISCLOSURE” and APPENDIX F – “PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE” for a description of the continuing disclosure obligation undertaken by the Authority with respect to the Series 2015 Bonds.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document, copies of which are available upon request from the Trustee.

THE SERIES 2015 BONDS

General

The Series 2015 Bonds are being issued by the Authority pursuant to the Indenture and the Act. The Series 2015 Bonds will be dated the date of delivery, will be issued in the initial Authorized Denominations, and will mature on the date and in the principal amount, all as shown on the inside cover page of this Official Statement.

The Series 2015 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2015 Bonds. Investors may purchase Series 2015 Bonds in book-entry form only. Beneficial Owners of the Series 2015 Bonds will not receive certificates representing their ownership interests in the Series 2015 Bonds purchased. Payments of principal and interest on the Series 2015 Bonds will be made to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2015 Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Authority. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

Interest Rate Determination Methods

From the date of delivery of the Series 2015 Bonds to but excluding March 19, 2015, the Series 2015 Bonds will bear interest at an initial rate set by the Remarketing Agent prior to delivery of the Series 2015 Bonds. After the initial period described in the preceding sentence, the Series 2015 Bonds will bear interest at the Weekly Rate until maturity, redemption or conversion as described herein. Upon satisfaction of conditions set forth in the Indenture, the Authority has the right to change the Interest Rate Determination Method for the Series 2015 Bonds to a different Interest Rate Determination Method (which may be a Daily Rate, a Commercial Paper Rate, an Index Rate, a Term Rate or a Fixed Rate); provided that all Series 2015 Bonds must have the same Interest Rate Determination Method. See “Conversion of Interest Rate Determination Method for Series 2015 Bonds” below. Interest on Series 2015 Bonds bearing interest at a Daily Rate or a Weekly Rate will be payable on the first Business Day of each calendar month, commencing on April 1, 2015. Interest on Series 2015 Bonds bearing a Daily Rate or a Weekly Rate will be computed on the basis of a 365/366-day year and actual days elapsed. The record date for Series 2015 Bonds bearing interest at the Daily Rate or the Weekly Rate will be the Business Day immediately preceding the Interest Payment Date.

This Official Statement describes the Series 2015 Bonds only while they bear interest at a Daily Rate or a Weekly Rate. The Series 2015 Bonds may be converted to bear interest at rates other than a Daily Rate or Weekly Rate. There are significant changes in the terms of the Series 2015 Bonds while such Series 2015 Bonds bear interest at rates other than a Daily Rate or Weekly Rate. THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2015 BONDS OTHER THAN WHILE SUCH SERIES 2015 BONDS BEAR INTEREST AT A DAILY RATE OR A WEEKLY RATE.

No Daily Rate or Weekly Rate on the Series 2015 Bonds will exceed 12% per annum.

Daily Rate. Upon a successful conversion of the Series 2015 Bonds to the Daily Rate Period, the Series 2015 Bonds will bear interest at a Daily Rate. During each Daily Rate Period, the Remarketing Agent is to set a Daily Rate for the Series 2015 Bonds by 10:00 a.m., New York City time, on each Business Day, which Daily Rate is to be the rate of interest that, if borne by the Series 2015 Bonds in the Daily Rate Period, would, in the reasonable judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Series 2015 Bonds or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series 2015 Bonds for which the Daily Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place all of the Series 2015 Bonds at a price equal to 100% of the aggregate principal amount of such Series 2015 Bonds (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

Weekly Rate. The Series 2015 Bonds will initially bear interest at a Weekly Rate. During each Weekly Rate Period, the Remarketing Agent is to set a Weekly Rate for the Series 2015 Bonds by 5:00 p.m., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week (a “Calendar Week”); *provided*, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate is to be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date. Each Weekly Rate is to be the rate of interest that, if borne by the Series 2015 Bonds in the Weekly Rate Period, would, in the reasonable judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Series 2015 Bonds for which the Weekly Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series 2015 Bonds for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place all of the Series 2015 Bonds at a price equal to 100% of the aggregate principal amount of such Series 2015 Bonds (plus accrued interest, if any) on the first day of such Weekly Rate Period.

Failure to Determine Rate for Certain Rate Periods. If, for any reason, the Daily Rate or the Weekly Rate on any of the Series 2015 Bonds is not established as described above, or there is no Remarketing Agent for those Series 2015 Bonds, or any Daily Rate or Weekly Rate so established is held to be invalid or unenforceable with respect to such Rate Period, then the interest rate for such Rate Period shall bear interest at the “Alternate Rate” which shall be determined as follows:

Short Term Rating		Long Term Rating	% of SIFMA Swap Index
A1 or P-1 or F1	and	AAA or Aaa or AAA	150%
A1 or P-1 or F1	and	AA or Aa or AA	250%
A1 or P-1 or F1	and	A or A or A	350%
A2 or P-2 or F2	and	BBB or Baa or BBB	Maximum Rate
A3 or P-3 or F3	and	BBB- or Baa3 or BBB-	Maximum Rate

“SIFMA Swap Index” is an index published or made available by the Securities Industry and Financial Markets Association (formerly the Bond Market Association) and is defined in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Binding Determination. The determination of any Rate by the Remarketing Agent with respect to any Series 2015 Bond shall be conclusive and binding upon the Holder of such Series 2015 Bond.

Conversion of Interest Rate Determination Method for Series 2015 Bonds

Right of Conversion. The Interest Rate Determination Method for the Series 2015 Bonds is subject to conversion from one Interest Rate Determination Method to another from time to time by the Authority, with such right to be exercised by delivery of a Conversion Notice to the Notice Parties for the Series 2015 Bonds as follows: (1) at least one Business Days prior to the fifteenth day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Daily Rate, Weekly Rate, Commercial Paper Rate or Index Rate; and (2) at least two Business Days prior to the fifteenth day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Term Rate or a Fixed Rate.

In the event of a conversion to a different Interest Rate Determination Method, all Series 2015 Bonds will be subject to mandatory tender for purchase on the Conversion Date (which will be a Business Day not less than 15 days following the mailing of the notice described below). See “Mandatory Tender Provisions” below.

Notice of Conversion. Upon receipt of a Conversion Notice, as soon as possible, but in any event not less than 15 days prior to the proposed Conversion Date, the Trustee is to give DTC notice by first-class mail. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2015 Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send a Conversion Notice to Beneficial Owners of Series 2015 Bonds.

Failure to Convert. The Indenture includes provisions setting forth the procedures and conditions for the exercise by the Authority of its right of conversion of Series 2015 Bonds from one Interest Rate Determination Method to another. Under certain circumstances, a planned conversion may not be completed or the Authority’s election to effect a conversion may be rescinded. However, once a Conversion Notice is provided to DTC as described in the preceding paragraph, all Series 2015 Bonds covered by such notice will be subject to mandatory tender for purchase (whether or not the planned conversion is completed or the Authority’s election to effect the conversion is rescinded). See “Funding Optional and Mandatory Tenders of Series 2015 Bonds” concerning payment for Series 2015 Bonds so tendered for purchase.

Optional Tender Provisions

Series 2015 Bonds bearing interest at a Daily Rate or a Weekly Rate are subject to tender for purchase and remarketing at the option of the Beneficial Owners of those Series 2015 Bonds, who may elect to have Series 2015 Bonds (or portions thereof in Authorized Denominations) purchased at a purchase price (the “Purchase Price”) equal to the principal amount thereof, without premium, plus any accrued interest to the Purchase Date.

Series 2015 Bonds bearing interest at a Daily Rate may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Holder or the Beneficial Owner of such Series 2015 Bonds to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written or electronic notice by 11:00 a.m. (New York City time) on the Purchase Date, that states the principal amount to be tendered for purchase and the Purchase Date, and (B) delivery of such Series 2015 Bonds to the Trustee on the Purchase Date in accordance with the Indenture.

Series 2015 Bonds bearing interest at a Weekly Rate may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Holder or the Beneficial Owner of such Series 2015 Bonds to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written or electronic notice by 5:00 p.m. (New York City time) on any Business Day at least seven days prior to the Purchase Date, which states the principal amount of such Series 2015 Bonds to be tendered for purchase and the Purchase Date, and (B) delivery of such Series 2015 Bonds to the Trustee on the Purchase Date in accordance with the Indenture.

Any instrument delivered to the Trustee in accordance with the provisions of the Indenture described above shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon DTC and any subsequent Holder or Beneficial Owner of the Series 2015 Bonds to which it relates, including any Series 2015 Bond issued in exchange therefore or upon the registration or transfer thereof, and as of the date of such instrument, DTC or the Beneficial Owner shall not have any right to optionally tender for purchase such Series 2015 Bonds prior to the date of purchase specified in such notice. The Authority, the Remarketing Agent and the Trustee may conclusively assume that any person (other than DTC) providing notice of optional tender pursuant to the Indenture is the Beneficial Owner of the Series 2015 Bonds to which such notice relates, and none of the Authority, the Remarketing Agent or the Trustee shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of Series 2015 Bonds.

See “Funding Optional and Mandatory Tenders of Series 2015 Bonds” concerning possible failure to complete the purchase of Series 2015 Bonds tendered for purchase for lack of funds.

Mandatory Tender Provisions

The Series 2015 Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price on the Conversion Date (or on the proposed Conversion Date if the conversion fails to occur) of Series 2015 Bonds to a new Interest Rate Determination Method specified in a Conversion Notice as described above under “Conversion of Interest Rate Determination Method for Series 2015 Bonds.”

The Series 2015 Bonds of each Series will also be subject to mandatory tender for purchase at the applicable Purchase Price (i) on the fifth Business Day preceding the scheduled expiration or the termination by the Authority of the 2015 Liquidity Facility and (ii) on the date of provision of an Alternate 2015 Liquidity Facility and the resulting termination of the existing 2015 Liquidity Facility. No

such mandatory tender of the Series 2015 Bonds is required if an Alternate 2015 Liquidity Facility is provided to the Trustee for the Series 2015 Bonds and a Rating Confirmation is delivered by each Rating Agency then rating the Series 2015 Bonds. The Trustee is to give DTC at least 15 days' notice of any such termination, substitution or expiration.

The Series 2015 Bonds will also be subject to mandatory tender upon receipt by the Trustee of written notice from the 2015 Liquidity Facility Provider that an event of default or an event of termination (other than an immediate termination or suspension) has occurred under the 2015 Liquidity Facility with the effect that the obligations of such 2015 Liquidity Facility Provider to purchase such Series 2015 Bonds or otherwise provide for the Purchase Price of such Series 2015 Bonds under such 2015 Liquidity Facility shall terminate on the date specified in such notice, in which event such Series 2015 Bonds shall be subject to purchase on a Business Day selected by the Trustee which date shall be not more than five Business Days after receipt of such notice, but in no event later than the Business Day preceding the termination date specified in the notice received from such 2015 Liquidity Provider. The Trustee will give notice of such mandatory tender to DTC by first class mail within two Business Days of receipt of such notice from such 2015 Liquidity Facility Provider.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2015 Bonds will be governed by arrangements among them, and the Authority will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2015 Bonds.

Funding Optional and Mandatory Tenders of Series 2015 Bonds

The Authority expects funds to be made available to purchase Series 2015 Bonds tendered for purchase pursuant to the optional and mandatory tender provisions described above by having the Remarketing Agent remarket the tendered Series 2015 Bonds and having the proceeds applied to purchase the tendered Series 2015 Bonds. See "PRACTICES AND PROCEDURES RELATED TO WEEKLY RATE AND DAILY RATE BONDS."

Funds for payment of the Purchase Price for any Series 2015 Bonds tendered for purchase and not successfully remarketed are expected to be provided under the 2015 Liquidity Facility as described under "THE 2015 Liquidity Facility."

If, for any reason, sufficient funds are not available under the 2015 Liquidity Facility to pay the Purchase Price of Series 2015 Bonds tendered for purchase and not remarketed, the Authority is not obligated to pay the Purchase Price of such Series 2015 Bonds and failure to pay the Purchase Price of such Series 2015 Bonds is not an Event of Default under the Series 2015 Bonds or the Indenture.

The Indenture provides that if sufficient funds are not available for the purchase of all Series 2015 Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, all Outstanding Series 2015 Bonds shall bear interest at the Maximum Rate, from the date of such failed purchase until all such Series 2015 Bonds are purchased as required by the Indenture, and all tendered Series 2015 Bonds will be returned to their respective Holders. Thereafter, the Trustee is to continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the 2015 Liquidity Facility Provider. The Indenture provides that such failed purchase and return shall not constitute an Event of Default.

Mechanics and Timing of Optional and Mandatory Tenders

While the Series 2015 Bonds are held in book-entry form, delivery of any Series 2015 Bond to the Trustee in connection with any optional or mandatory tender for purchase as described above shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of DTC for such Series 2015 Bond or any Participant of DTC to reflect the transfer of the beneficial ownership interest in such Series 2015 Bond to the account of the Trustee, or to the account of a Participant of DTC acting on behalf of the Trustee.

Moneys delivered to the Trustee on a Purchase Date for Series 2015 Bonds in connection with any optional or mandatory tender for purchase as described above will be applied at or before 3:00 p.m., New York City time to the purchase of such Series 2015 Bonds.

If moneys sufficient to pay the Purchase Price of Series 2015 Bonds to be purchased pursuant to the optional and mandatory tender for purchase provisions described above shall be held by the Trustee on the applicable Purchase Date, such Series 2015 Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such Series 2015 Bonds shall have been delivered to the Trustee or transferred on the books DTC for such Series 2015 Bonds, and neither the former Holder or Beneficial Owner of such Series 2015 Bonds nor any other person shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

Mandatory Tender for Purchase of Series 2015 Bonds at Direction of Authority

The Series 2015 Bonds bearing interest at a Daily Rate or a Weekly Rate are also subject to mandatory tender for purchase by the Authority, in whole or in part (in Authorized Denominations), on any date such Series 2015 Bonds would be subject to optional redemption (each, an “Optional Purchase Date”) at a purchase price equal to the principal amount of Series 2015 Bonds to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date, plus an amount equal to the premium, if any, that would be payable upon the redemption, at the option of the Authority, of such Series 2015 Bonds to be purchased (the “Optional Purchase Price”). In the event that the Authority determines to purchase any Series 2015 Bonds on any Optional Purchase Date, the Authority will provide the Trustee with written notice of such determination at least 15 days prior to the Optional Purchase Date, which notice will specify the principal amount of the Series 2015 Bonds which are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Trustee receives notice from the Authority of its determination to purchase Series 2015 Bonds pursuant to the provisions described above, the Trustee shall give notice to DTC, the Remarketing Agent and the 2015 Liquidity Facility Provider, in the name of the Authority, of the mandatory tender for purchase of such Series 2015 Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than 90 nor less than 10 days before the Optional Purchase Date. Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of such Series 2015 Bonds and failure of DTC to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of such Series 2015 Bonds pursuant to the provisions of the Indenture described herein. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2015 Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2015 Bonds.

If at the time the Trustee sends any notice of mandatory tender for purchase of the Series 2015 Bonds pursuant to the provisions of the Indenture described under this heading “Mandatory Tender for

Purchase of Series 2015 Bonds at Direction of Authority,” the Authority has not deposited with the Trustee an amount sufficient to pay the full Optional Purchase Price of the Series 2015 Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Trustee on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such Series 2015 Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to purchase such Series 2015 Bonds. In the event that such notice of mandatory tender for purchase contains such a condition and such moneys are not so received, no purchase of the Series 2015 Bonds identified in the notice of mandatory tender for purchase shall be made and the Trustee shall, within a reasonable time thereafter, give notice, to the Remarketing Agent and to the persons and in the manner in which the notice of tender was given, that such moneys were not so received and that there will be no purchase of Series 2015 Bonds pursuant to the notice of mandatory tender for purchase, and all tendered Series 2015 Bonds shall be returned to their respective Holders. Such failure to purchase and return shall not constitute an Event of Default under the Indenture. No draws on the 2015 Liquidity Facility are permitted for mandatory tender for purchase of the Series 2015 Bonds at the direction of the Authority unless expressly allowed under the 2015 Liquidity Facility.

If less than all of the Series 2015 Bonds maturing by their terms on any one date are to be tendered at any one time, DTC’s practice is to determine by lot the amount of the interest of each DTC Direct Participant to be tendered. For purposes of such selection, the Series 2015 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately tendered.

Funding for purchases of Series 2015 Bonds pursuant to the mandatory tender at the direction of the Authority as described under this heading is not supported by the 2015 Liquidity Facility described under “THE 2015 LIQUIDITY FACILITY” nor is it addressed in the Authority’s agreement with Remarketing Agent for the Series 2015 Bonds.

Redemption Terms

Optional Redemption. While bearing interest at a Daily Rate or Weekly Rate, the Series 2015 Bonds are subject to redemption at the option of the Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium; provided that Series 2015 Bonds registered in the name of the 2015 Liquidity Facility (“2015 Liquidity Facility Bonds”) shall be redeemed prior to any other Series 2015 Bonds.

Mandatory Redemption. The Series 2015 Bonds are subject to mandatory redemption from Mandatory Sinking Account Payments on each date a Mandatory Sinking Account Payment is due, in the principal amount equal to such Mandatory Sinking Account Payment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

<i>Redemption Date (October 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (October 1)</i>	<i>Mandatory Sinking Account Payment</i>
2028	\$ 7,400,000	2034	\$ 10,000,000
2029	8,100,000	2035	10,500,000
2030	8,500,000	2036	10,800,000
2031	8,800,000	2037	11,400,000
2032	9,200,000	2038†	11,800,000
2033	9,600,000		

† Final Maturity

Purchase In Lieu of Redemption

The Authority reserves the right at all times to purchase any of its Series 2015 Bonds on the open market. In lieu of mandatory redemption, the Authority may surrender to the Trustee for cancellation Series 2015 Bonds purchased on the open market, and such Series 2015 Bonds shall be cancelled by the Trustee. If any Series 2015 Bonds are so cancelled, the Authority may designate the Mandatory Sinking Account Payments or portions thereof of the Series 2015 Bonds so purchased that are to be reduced as a result of such cancellation.

General Redemption Provisions

Selection for Redemption. The Authority will designate which maturities of Series 2015 Bonds are to be redeemed; *provided* that 2015 Liquidity Facility Bonds must be redeemed prior to redeeming any other Series 2015 Bonds. If less than all Series 2015 Bonds maturing on any one date are to be redeemed at any one time, DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant to be redeemed. For purposes of such selection, the Series 2015 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. The Authority may designate the Mandatory Sinking Account Payments, or portions thereof, that are to be reduced as a result of such redemption.

Notice of Redemption. The Trustee will send each notice of redemption by first class mail not less than 10 nor more than 60 days prior to the redemption date to the Remarketing Agent, the 2015 Liquidity Facility Provider and DTC. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2015 Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC or any Beneficial Owner to receive any notice of redemption or any defect therein will not affect the sufficiency or validity of any proceedings for redemption.

Conditional Notice of Redemption; Rescission. With respect to any notice of optional redemption of Series 2015 Bonds, unless, upon the giving of such notice, such Series 2015 Bonds shall be deemed to have been paid pursuant to the terms of the Indenture, such notice is to state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Series 2015 Bonds to be redeemed, and that if such amounts shall not have been so received said notice will be of no force and effect and the Authority will not be required to redeem such Series 2015 Bonds. The Authority may also instruct the Trustee to provide conditional notice of optional redemption, which may be conditioned on the occurrence of any other event if such notice states that if such event does not occur, said notice will be of no force and effect and the Authority will not be required to redeem such Series 2015 Bonds. In the event that such notice of optional redemption contains such a condition and such

amounts are not so received or such event does not occur, the optional redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received or such event did not occur and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Such failure to optionally redeem such Series 2015 Bonds shall not constitute an event of default under the Indenture.

Any notice of redemption may be rescinded by written notice given to the Trustee by the Authority no later than five Business Days prior to the date specified for redemption. The Trustee will give notice of such rescission to the same Persons as notice of such redemption was given.

Any optional redemption of the Series 2015 Bonds and notice thereof will be rescinded and cancelled pursuant to the provisions of the Indenture if, for any reason, on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal, interest and premium due on the Series 2015 Bonds called for redemption.

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 2015 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2015 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 2015 Bonds so called for redemption shall cease to accrue, said Series 2015 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture and the Holders of such Series 2015 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

All Series 2015 Bonds redeemed pursuant to the provisions described herein shall be cancelled upon surrender.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Series 2009C Bonds, the Series 2012 Bonds, the Series 2014A Bonds and the Series 2015 Bonds.

Fiscal Year Ending June 30	Series 2009C Bonds	Series 2012 Bonds	Series 2014A Bonds	Series 2015 Bonds			Combined Annual Debt Service
	Total Debt Service ⁽¹⁾	Total Debt Service	Total Debt Service ⁽²⁾	Principal	Interest ⁽³⁾	Debt Service	
2015	\$ 3,963,896	\$ 2,480,550	\$ 3,963,896		\$ 205,286	\$ 205,286	\$ 10,613,628
2016	3,963,896	2,480,550	3,963,896		3,889,626	3,889,626	14,297,968
2017	3,963,896	5,861,550	3,963,896		3,889,626	3,889,626	17,678,968
2018	3,963,896	5,860,750	3,963,896		3,889,626	3,889,626	17,678,168
2019	3,963,896	5,864,150	3,963,896		3,889,626	3,889,626	17,681,568
2020	3,963,896	5,861,550	3,963,896		3,889,626	3,889,626	17,678,968
2021	3,963,896	5,862,750	3,963,896		3,889,626	3,889,626	17,680,168
2022	3,963,896	5,860,875	3,963,896		3,889,626	3,889,626	17,678,293
2023	3,963,896	5,863,625	3,963,896		3,889,626	3,889,626	17,681,043
2024	3,963,896	5,865,125	3,963,896		3,889,626	3,889,626	17,682,543
2025	3,963,896	5,864,875	3,963,896		3,889,626	3,889,626	17,682,293
2026	3,963,896	5,862,375	3,963,896		3,889,626	3,889,626	17,679,793
2027	3,963,896	5,862,000	3,963,896		3,889,626	3,889,626	17,679,418
2028	3,963,896	5,863,000	3,963,896		3,889,626	3,889,626	17,680,418
2029	11,323,796		11,225,664	\$ 7,400,000	3,753,984	11,153,984	33,703,444
2030	11,632,388		11,734,256	8,100,000	3,469,869	11,569,869	34,936,513
2031	11,722,300		11,624,168	8,500,000	3,165,591	11,665,591	35,012,059
2032	11,699,136		11,801,004	8,800,000	2,848,482	11,648,482	35,148,622
2033	11,762,896		11,762,896	9,200,000	2,518,542	11,718,542	35,244,334
2034	11,811,712		11,811,712	9,600,000	2,173,938	11,773,938	35,397,362
2035	11,845,584		11,845,584	10,000,000	1,814,670	11,814,670	35,505,838
2036	11,864,512		11,864,512	10,500,000	1,438,905	11,938,905	35,667,929
2037	11,966,628		11,966,628	10,800,000	1,048,476	11,848,476	35,781,732
2038	11,951,932		11,951,932	11,400,000	641,550	12,041,550	35,945,414
2039	12,020,424		12,020,424	11,800,000	216,294	12,016,294	36,057,142
Total	\$ 185,095,852	\$ 75,313,725	\$ 185,103,324	\$ 106,100,000	\$ 73,860,725	\$ 179,960,725	\$ 625,473,626

Source: Public Financial Management, Inc.

- (1) Includes Mandatory Sinking Account Payments on the Series 2009C Bonds. Interest on the Series 2009C Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparties pursuant to one of the Initial Swaps which is 3.736%. Does not include any liquidity costs or remarketing fees.
- (2) Includes Mandatory Sinking Account Payments on the Series 2014A Bonds. Interest on the Series 2014A Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparty pursuant to one of the Initial Swaps which is 3.736%.
- (3) Interest on the Series 2015 Bonds has been rounded to the nearest dollar and is calculated based on the fixed interest rate payable by the Authority to the swap counterparties pursuant to one of the Initial Swaps, which is 3.666%. Does not include any liquidity costs or remarketing fees.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS

Pledge of Revenues

The Series 2015 Bonds are limited obligations of the Authority and are payable as to principal and interest exclusively from Revenues, consisting of Sales Tax Revenues and Swap Revenues, and from all amounts, including proceeds of the Bonds, held in the funds and accounts established under the Indenture (other than amounts held in the Rebate Fund, the Reserve Fund, any Letter of Credit Fund and any Purchase Fund), subject to certain provisions of the Indenture. “Sales Tax Revenues” means all amounts available for distribution to the Authority on and after April 1, 2009 on account of the 2004 Measure A Sales Tax after deducting amounts payable by the Authority to the Board of Equalization for costs and expenses for its services in connection with the 2004 Measure A Sales Tax collected pursuant to the Act and levied pursuant to the 2004 Ordinance. For a general discussion of the 2004 Measure A Sales Tax, see “THE SALES TAX.” For a discussion of the historical Sales Tax Revenues, see “THE SALES TAX—Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues.”

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

As of the date of issuance of the Series 2015 Bonds, the only outstanding obligations secured by the Revenues will be the Series 2015 Bonds, the Series 2014A Bonds, the Series 2012 Bonds, the Series 2009C Bonds, the Initial Swaps, the 2009C Liquidity Facility, the continuing covenant agreement for the Series 2014A Bonds and the 2015 Liquidity Facility. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS—Initial Swap Agreements,” “—Liquidity Arrangements” and “—Direct Purchase Arrangements,” and “THE 2015 LIQUIDITY FACILITY” herein.

THE SERIES 2015 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST AND AS TO ANY PREMIUMS UPON THE REDEMPTION THEREOF, FROM REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2015 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY ARE NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2015 BONDS OR THEIR INTEREST. THE SERIES 2015 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE.

Revenue Fund; Allocation of Sales Tax Revenues

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

purposes set forth in the Indenture. Investment income on amounts held by the Trustee (other than amounts held in the Rebate Fund, any Letter of Credit Fund or any Purchase Fund or any Project Fund or for which particular instructions are provided) will also be deposited in the Revenue Fund.

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

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

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

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

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

No deposit need be made into the Principal Fund so long as there is in such fund (i) money sufficient to pay the Bond Obligations of all Serial Bonds then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.”

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

3. Bond Reserve Funds. The Indenture also requires the Trustee to make deposits to any of the Reserve Funds established pursuant to the provisions of the Indenture as soon as possible in each month in which any deficiency in any Reserve Fund occurs, until the balance in such Reserve Fund is at least equal to the applicable Bond Reserve Requirement. See “—No Bond Reserve Fund for Series 2015 Bonds” below.

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

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

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

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

No Bond Reserve Fund for Series 2015 Bonds

There is no reserve fund securing the Series 2015 Bonds. Amounts on deposit in the bond reserve fund under the Indenture deposited to secure the payment of the principal of and interest on the Series 2009C Bonds and Series 2012 Bonds will not secure payment of the principal of and interest on the Series 2015 Bonds and such amounts may not be used to pay the principal of and interest on the Series 2015 Bonds.

Additional Bonds and Parity Obligations

As of the date of issuance of the Series 2015 Bonds, the only outstanding obligations secured by the Revenues will be the Series 2015 Bonds, the Series 2014A Bonds, the Series 2012 Bonds, the Series 2009C Bonds, the Initial Swaps, the 2009C Liquidity Facility, the continuing covenant agreement for the Series 2014A Bonds and the 2015 Liquidity Facility. The Authority may issue additional Bonds and may issue or incur other obligations secured in whole or in part by a pledge of the Revenues and payable on a parity with the Bonds and the regularly scheduled payments on the Initial Swaps and any other Interest Rate Swap Agreements, subject to compliance with the terms and provisions set forth in the Indenture. See “—Initial Swaps,” “—Liquidity Arrangements” and “Direct Purchase Arrangements” below. See APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds and Other Obligations.”

Issuance of Additional Series of Bonds. The Authority may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2015 Bonds, but only upon compliance by the Authority with certain provisions of the Indenture. Some applicable provisions of the Indenture are described below:

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

(b) If the Bonds of such Series are Participating Bonds (the Series 2015 Bonds are not Participating Bonds), the Indenture requires that the balance on deposit in the Bond Reserve Fund be increased to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by the Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds. Said deposit may be made from the proceeds of the sale of Bonds of such Series or from other funds of the Authority or from both such sources or in the form of a Reserve Facility as described under APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions” and “Establishment and Application of Funds and Accounts – Funding and Application of Bond Reserve Funds.”

(c) The Authority shall have delivered to the Trustee a Certificate of the Authority, certifying that the lesser of (i) the amounts of Sales Tax Revenues for a period of 12 consecutive months (selected by the Authority) during the 18 months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 1.8 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued.

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

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture summarized above under paragraph (c) of the caption “Issuance of Additional Series of Bonds;” provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds.

The requirements of the Indenture discussed above relating to the issuance of Refunding Bonds are being satisfied in connection with the issuance of the Series 2015 Bonds.

Parity Obligations. As defined in the Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money, any obligation to pay the Rebate Requirement, the Initial Swaps and any other Interest Rate Swap Agreement (excluding, in each case, fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured by a lien and charge on the Sales Tax Revenues on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations)

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

Initial Swap Agreements

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

Each Interest Rate Swap Agreement has a notional amount of \$106,100,000, for a total combined notional amount of \$318,300,000, which will amortize in tandem with the amortization of the Series 2009C Bonds, the 2014A Bonds and the 2015 Bonds. Under the terms of each of the Initial Swaps, the Authority has agreed to pay to each of the Counterparties, with an effective date of October 1, 2009, a fixed interest rate and each of the Counterparties has agreed to pay to the Authority a floating rate of interest, based on amortizing notional amounts, and tied to a formula based on 67% of one-month USD-LIBOR-BBA with respect to the Interest Rate Swap Agreements with Bank of America, N.A. and Goldman Sachs Capital Markets, L.P. as Counterparties, and 67% of three-month USD-LIBOR-BBA with respect to the Interest Rate Swap Agreement with JPMorgan Chase Bank, National Association as Counterparty. Each Interest Rate Swap Agreement terminates on October 1, 2038. Notional amortization under the Initial Swaps matches the sinking fund redemption schedule for the Series 2009 Bonds. Under certain circumstances, the Counterparties are required to post eligible collateral to secure their obligations to the Authority; there is no requirement on the part of the Authority to post collateral. See “RISK FACTORS—Factors Relating to Swaps.”

Regularly scheduled payments by the Authority to the Counterparties under the Initial Swaps constitute a Parity Obligation under the Indenture and are secured by the pledge of Sales Tax Revenues and payable on a parity basis with the Bonds. Under certain circumstances, the Initial Swaps may be

terminated, at which time the Authority may be required to make a termination payment to the applicable Counterparty, which may be substantial. As of January 30, 2015, the mark-to-market valuation of the Initial Swaps was \$123,446,863.04 (the cost to the Authority to terminate the Initial Swaps). Termination payments payable pursuant to the Initial Swaps constitute Fee and Expense Obligations under the Indenture and are secured by the pledge of Sales Tax Revenues and payable on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS.”

Liquidity Arrangements

The Series 2009C Bonds are variable rate bonds that are supported by the 2009C Liquidity Facility. The 2009C Liquidity Facility expires on February 28, 2017. The 2009 Liquidity Facility contains terms similar to the 2015 Liquidity Facility. The payment of principal and interest on the Series 2009C Bonds (including any such bonds owned by the liquidity provider) is secured as a Parity Obligation under the Indenture. The payment of fees and expenses and other charges under the 2009C Liquidity Facility is secured as a Fee and Expense Obligation under the Indenture.

Similar to the Series 2015 Bonds, if the 2009C Liquidity Facility expires and the Authority is unable to secure a replacement liquidity facility, the Series 2009C Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2009C Liquidity Facility will be accessed to pay the purchase price of such tendered bonds if not earlier terminated.

Under the Series 2009C Liquidity Facility, the Authority is required to reimburse the liquidity provider for any amounts paid by the liquidity provider under the Series 2009C Liquidity Facility on the same day the amount is paid. Amounts owed to the liquidity provider bear interest at a specified rate. The Authority is also required to pay certain fees to the liquidity provider in addition to the liquidity provider’s costs, expenses and certain taxes.

In the event that the 2009C Liquidity Facility is used to purchase any Series 2009C Bonds which are tendered for purchase by the holders thereof, the 2009C Liquidity Facility provides that the liquidity provider becomes the holder of such bonds (“Series 2009C Bank Bonds”), and, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2009C Bank Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2009C Bank Bonds will be immediately due and payable.)

The 2009C Liquidity Facility contains a number of covenants and agreements on the part of the Authority, and specifies events of default (which may include failure of the Authority to maintain credit ratings at specified levels), and remedies. Remedies of the liquidity provider generally include the right to cause a mandatory tender of the Series 2009C Bonds. The covenants, agreements, events of default and remedies in the 2009C Liquidity Facility are similar to the provisions in the 2015 Liquidity Facility.

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

Direct Purchase Arrangements

The Series 2014A Bonds are variable rate bonds that bear interest at a percentage of one-month LIBOR plus a specified spread. The Series 2014A Bonds were purchased by Wells Fargo Municipal Capital Strategies, LLC in a direct purchase transaction. The Authority and the direct purchaser entered into a continuing covenant agreement that contains provisions similar to those contained in the 2015

Liquidity Facility. The Series 2014A Bonds are subject to mandatory tender on September 1, 2017 (the “Termination Date”). The payment of principal and interest on the Series 2014A Bonds is secured as a Parity Obligation under the Indenture. The payment of fees and expenses and other charges under the continuing covenant agreement related to the Series 2014A Bonds is secured as a Fee and Expense Obligation under the Indenture.

In the event that the Series 2014A Bonds are not purchased on the Termination Date (and certain other circumstances), subject to the satisfaction of certain conditions, the continuing covenant agreement related to the Series 2014A Bonds generally requires the Authority to repay the Series 2014A Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2014A Bonds will be immediately due and payable.) The continuing covenant agreement for the Series 2014A Bonds also generally requires the Authority, subject to notice periods as described in the continuing covenant agreement, to immediately purchase the Series 2014A Bonds upon the occurrence and continuance of specified events of default thereunder.

The continuing covenant agreement for the Series 2014A Bonds contains a number of covenants and agreements on the part of the Authority, and specifies events of default (which may include failure of the Authority to maintain credit ratings at specified levels), and remedies. Remedies of the direct purchaser generally includes the right to cause a mandatory tender of the Series 2014A Bonds.

A copy of the continuing covenant agreement can be found on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

Subordinate Obligations

Except to the extent restricted by the Indenture, the Authority may issue or incur obligations (“Subordinate Obligations”) payable out of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Bonds and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable. Any termination payments under the Authority’s Initial Swaps and fees and expenses due under the 2015 Liquidity Facility and the continuing covenant agreement for the Series 2014A Bonds are payable on a basis subordinate to the Subordinate Obligations.

REMARKETING AGENT

The Authority has entered into a Remarketing Agreement covering the Series 2015 Bonds with the J.P. Morgan Securities LLC. The Remarketing Agent undertakes, among other things, to use its best efforts to remarket Series 2015 Bonds that are tendered for purchase. The Authority or the Remarketing Agent may terminate the Remarketing Agreement under the circumstances and in the manner described in the Remarketing Agreement, in which case the Authority expects to appoint a replacement remarketing agent in accordance with the Indenture.

The Remarketing Agent and its 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 services. The Remarketing Agent and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for its own account and for the accounts of its 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 (including the Series 2015 Bonds).

The Remarketing Agent and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

PRACTICES AND PROCEDURES RELATED TO WEEKLY RATE AND DAILY RATE BONDS

The Remarketing Agent has agreed to comply with the Authority's variable rate demand bond procedures, which are included in the Indenture and described herein.

The Remarketing Agent also has internal practices and procedures pertaining to variable rate demand securities, which can be changed at any time without notice. The remarketing of Series 2015 Bonds and the rates of interest thereon may be affected by those practices and procedures.

The Remarketing Agent Is Paid By The Authority. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series 2015 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of its Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2015 Bonds.

The Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2015 Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

The Remarketing Agent and the Authority May Purchase Series 2015 Bonds for Their Own Accounts. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, has routinely purchased such obligations for its own account in order to achieve a successful remarketing of the obligations (i.e., because there are otherwise not enough buyers to purchase the obligations) or for other reasons. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2015 Bonds for its own account and, if it does so, it may cease doing so at any time without notice. Any cessation of purchases by the Remarketing Agent may result in a failed remarketing and draw on the 2015 Liquidity Facility. The Remarketing Agent may also make a market in the Series 2015 Bonds by purchasing and selling Series 2015 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2015 Bonds. The Remarketing Agent may also sell any Series 2015 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2015 Bonds. The Authority may purchase certain Series 2015 Bonds held by a Remarketing Agent. In addition, the Indenture permits the Remarketing Agent to remarket Series 2015 Bonds to the Authority as part of the remarketing and interest rate setting process.

undertaken by the Remarketing Agent. The willingness of the Authority to buy Series 2015 Bonds in connection with a remarketing may affect the interest rate determined for such Series 2015 Bonds. The Authority's interest in connection with the determining of the interest rate by a Remarketing Agent may differ from the interests of Bondholders other than the Authority. The purchase of Series 2015 Bonds by the Remarketing Agent or the Authority may create the appearance that there is greater third party demand for the Series 2015 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2015 Bonds being tendered in a remarketing, fewer draws on the 2015 Liquidity Facility, and lower interest rates on the Series 2015 Bonds than would otherwise be the case.

Series 2015 Bonds May Be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. The Remarketing Agent is required by the Remarketing Agreement to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2015 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Series 2015 Bonds (including whether the Remarketing Agent or the Authority is willing to purchase Series 2015 Bonds for its own account). The Remarketing Agreement requires that the Remarketing Agent use its best efforts to remarket Series 2015 Bonds tendered pursuant to the Indenture. There may or may not be Series 2015 Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 2015 Bonds tendered for purchase on such date at par, and the Remarketing Agent may sell Series 2015 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2015 Bonds at the remarketing price. In the event the Remarketing Agent or the Authority owns any Series 2015 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2015 Bonds on any date, including the Rate Determination Date, at a discount to par to some investors which, in the case of the Remarketing Agent, may include the Authority.

THE 2015 LIQUIDITY FACILITY

The following is a summary of certain provisions of the 2015 Liquidity Facility. This summary does not purport to be comprehensive. The 2015 Liquidity Facility only provides liquidity support for the Series 2015 Bonds. Reference should be made to the 2015 Liquidity Facility for the complete text thereof, and the discussion herein is qualified by such reference. Unless otherwise defined in this Official Statement, all capitalized terms in this summary of the 2015 Liquidity Facility shall have the meaning ascribed to such terms in the 2015 Liquidity Facility. For information regarding the 2015 Liquidity Facility Provider, see APPENDIX G – “THE 2015 LIQUIDITY FACILITY PROVIDER.”

Purchase of Eligible Series 2015 Bonds

The 2015 Liquidity Facility provides that, subject to the terms and conditions set forth therein, the 2015 Liquidity Facility Provider shall purchase Series 2015 Bonds bearing interest at a Daily Rate or a Weekly Rate (but excluding Bank Bonds and Series 2015 Bonds owned by, for the account of, or on behalf of the Authority) that are tendered or deemed tendered for purchase from time to time pursuant to an optional or mandatory tender by owners thereof in accordance with certain provisions of the Fifth Supplemental Indenture (“Tendered Bonds”) during the period (the “Bank Purchase Period”) from the effective date of the 2015 Liquidity Facility to and including the earliest of (i) the Stated Expiration Date, as the same may be extended from time to time in accordance with the terms of the 2015 Liquidity Facility, (ii) the date on which no Series 2015 Bonds and no Bank Bonds are Outstanding, (iii) the close of business on the date on which a replacement standby bond purchase agreement or other liquidity facility meeting the requirements of an “Alternate Liquidity Facility” set forth in the Indenture is accepted

by the Trustee and becomes effective, so long as the 2015 Liquidity Facility Provider has honored any purchase of Series 2015 Bonds resulting solely from such substitution, (iv) the close of business on the date on which the 2015 Liquidity Facility Provider is no longer required to purchase Tendered Bonds pursuant to the provisions of the 2015 Liquidity Facility described below under the subheading “Remedies”, (v) the close of business on the date the Series 2015 Bonds no longer bear interest at the Daily Rate or the Weekly Rate, so long as the 2015 Liquidity Facility Provider has honored any purchase of Series 2015 Bonds resulting solely from such conversion, or (vi) the close of business on the date the Available Commitment is reduced to zero or terminated pursuant to the terms of the 2015 Liquidity Facility.

The purchase price of Tendered Bonds purchased by the 2015 Liquidity Facility Provider on any Bank Purchase Date shall not exceed the Available Principal Commitment (as defined below) on such date plus the lesser of (i) the Available Interest Commitment (as defined below) on such date and (ii) the actual aggregate amount of interest accrued on each such Tendered Bond, other than Defaulted Interest, to but excluding such Bank Purchase Date; *provided* that if the applicable Bank Purchase Date is an Interest Payment Date the amount described in this clause (ii) shall be reduced by the amount of interest payable on each such Tendered Bond on such Interest Payment Date. Amounts drawn under the 2015 Liquidity Facility may only be used to pay the purchase price of Tendered Bonds and may not be used to pay the principal of and interest on the Series 2015 Bonds or for any other purpose.

“Available Interest Commitment” means interest on the Available Principal Commitment from time to time in effect for 34 days at 12% per annum calculated on the basis of a year of 365 days and the number of days elapsed.

“Available Principal Commitment” initially means \$106,100,000 and thereafter means such amount adjusted from time to time as follows: (a) downward by the principal amount of Series 2015 Bonds redeemed, repaid, defeased or otherwise deemed paid, or converted to an interest rate other than a Daily Rate or a Weekly Rate, in accordance with the terms of the 2015 Liquidity Facility; (b) downward by the principal amount of any Series 2015 Bonds purchased by the 2015 Liquidity Facility Provider pursuant to the terms of the 2015 Liquidity Facility, which are not resold and for which the 2015 Liquidity Facility Provider has not received immediately available funds or which cease to bear interest at the Bank Rate pursuant to the terms of the 2015 Liquidity Facility. The Available Principal Commitment shall never exceed \$106,100,000.

Under certain circumstances described below, the obligation of the 2015 Liquidity Facility Provider to purchase Tendered Bonds may be immediately suspended or terminated without notice to the bondholders. In such event, sufficient funds may not be available to purchase such Tendered Bonds.

Events of Default, Ratings Events and Secondary Coverage Event.

Each of the following shall constitute an Event of Default under the 2015 Liquidity Facility: (i) a Notice Termination Event (as defined below) (other than the event set forth under the subheading “Events of Default, Rating Event and Secondary Coverage Event Not Resulting in Immediate Termination—Underlying Ratings” (which event shall constitute a “Notice Rating Event”) and the event set forth under the subheading “Events of Default, Rating Event and Secondary Coverage Event Not Resulting in Immediate Termination—Secondary Coverage Covenant” (which event shall constitute a “Secondary Coverage Event”)), (ii) an Immediate Termination Event (as defined below) (other than the event set forth under the subheading “Events of Default and Rating Event Resulting in Immediate Termination—Underlying Ratings” which shall constitute an “Immediate Rating Event”, and together with the Notice Rating Event, shall constitute “Ratings Events”) and (iii) a Suspension Event (as defined below). Upon the occurrence of an Event of Default, Rating Event or Secondary Coverage Event, the 2015 Liquidity

Facility Provider may exercise those rights and remedies described under the subheading “Remedies” below. In the event that the occurrence of an Event of Default is more than one of a Notice Termination Event, Immediate Termination Event and/or Suspension Event, such Event of Default shall first be deemed to be an Immediate Termination Event (if such event is an Immediate Termination Event), and shall next be deemed to be a Suspension Event (if such event is a Suspension Event). In the event that the occurrence of a Notice Rating Event shall also constitute an Immediate Rating Event, such Rating Event shall be deemed to be an Immediate Rating Event.

Events of Default, Rating Event and Secondary Coverage Event not Resulting in Immediate Termination.

Each of the following events shall constitute a “Notice Termination Event”:

(a) **Payments.** The Authority shall fail to pay when due (i) principal or interest on Bank Bonds which has become immediately due and payable on the Bank Purchase Date, the Initial Mandatory Redemption Date or the Accelerated Redemption Date, as applicable, or otherwise as a result of the acceleration of Bank Bonds pursuant to the terms of the 2015 Liquidity Facility, or (ii) any amounts owed by the Authority to the Bank pursuant to this Agreement (other than as described in clause (i) above) and any such failure solely in the case of this clause (ii) is not cured within three (3) Business Days.

(b) **Representations.** Certain representations or warranties made by or on behalf of the Authority in the 2015 Liquidity Facility or in any other Related Document or in any certificate or statement delivered thereunder shall prove to have been incorrect or untrue in any material respect when made or deemed to have been made

(c) **Covenants.** The Authority shall fail to comply with certain specified covenants in the 2015 Liquidity Facility.

(d) **Other Covenants.** The Authority shall fail to perform or observe any term, covenant or agreement (other than a failure that constitutes any other Notice Termination Event) contained in (or otherwise incorporated into) the 2015 Liquidity Facility (each a “Covenant Failure”) which failure continues for thirty (30) days or more; provided that such Covenant Failure shall not constitute an Event of Default under the 2015 Liquidity Facility until such failure continues for sixty (60) days if (i) the Authority provides satisfactory evidence to the 2015 Liquidity Facility Provider that such Covenant Failure is able to be cured within sixty (60) days of the occurrence of the Covenant Failure, (ii) the Authority provides reasonable assurances to the 2015 Liquidity Facility Provider that the Covenant Failure will be cured within sixty (60) days of the occurrence of the Covenant Failure and (iii) the Authority provides satisfactory evidence to the 2015 Liquidity Facility Provider that the Authority has commenced the process required to cure such Covenant Failure within ten (10) days of the occurrence of such Covenant Failure.

(e) **Debt.** (i) Default by the Authority in the payment of any amount due in respect of any Indebtedness payable to the 2015 Liquidity Facility Provider as and when the same shall become due, or (ii) default by the Authority in the payment of any amount due in respect of any other Indebtedness in an aggregate amount in excess of five million Dollars (\$5,000,000) as and when the same shall become due, or (iii) (A) default under any mortgage, agreement or other instrument under or pursuant to which such Indebtedness is incurred or issued, and continuance of such default beyond any period of grace allowed with respect thereto, or (B) the occurrence of any act or omission by the Authority under any such mortgage, agreement or other instrument (other than the Authority optionally terminating any Indebtedness which is a Swap Agreement for which the Authority (I) pays any amount

due thereunder as required by the Swap Agreement or (II) would not be required to make any payment thereunder in connection with such optional termination) which, in the case of either (A) or (B), results in any amount of such Indebtedness (if such Indebtedness is a Indebtedness payable to the 2015 Liquidity Facility Provider) or in excess of five million Dollars (\$5,000,000) of such Indebtedness (with respect any other Indebtedness) becoming, or being capable of becoming, immediately due and payable (or, with respect to any Indebtedness which is a Swap Agreement, which results in such Swap Agreement being terminated early or being capable of being terminated early).

(f) **Invalidity.** Any provision of the 2015 Liquidity Facility, the Series 2015 Bonds or any other Related Document shall cease to be valid and binding, or the Authority shall contest any such provision, or the Authority or any authorized agent or trustee on behalf of the Authority, shall deny that it has any further liability under any provision of the 2015 Liquidity Facility, the Series 2015 Bonds or any other Related Document.

(g) **Other Documents.** The occurrence of any default beyond the grace period, if any, allowed with respect thereto, under any Related Document other than the 2015 Liquidity Facility.

(h) **Underlying Ratings.** (i) The Authority shall fail to maintain or have in place unenhanced long-term ratings on the Series 2015 Bonds (other than Bank Bonds) from at least two Rating Agencies; or (ii) the unenhanced long-term rating of the Series 2015 Bonds (other than Bank Bonds), any Parity Bonds (to the extent then rated) or any Parity Obligations (to the extent then rated) shall be (A) suspended or withdrawn, for credit-related reasons or reduced below “A3” by Moody’s (if then providing such a rating), (B) suspended or withdrawn for credit-related reasons or reduced below “A-” by S&P (if then providing such a rating) or (C) suspended or withdrawn for credit-related reasons or reduced below “A-” by Fitch (if then providing such a rating). For the avoidance of doubt, it shall not constitute an Event of Default under clause (ii) of this paragraph if the Authority, by its own volition, requests any Rating Agency to withdraw any long-term unenhanced rating assigned to the Series 2015 Bonds (other than Bank Bonds), any Parity Bonds or any Parity Obligations which results in a withdrawal of any such rating unless the effect of such withdrawal is to cure a Potential Default or Event of Default, reduce the Facility Fee Rate or avoid an increase in the Facility Fee Rate.

(i) **Financial Emergency.** There shall be appointed or designated with respect to the Authority, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

(j) **Change in Maximum Lawful Rate.** The Maximum Lawful Rate applicable to Bank Bonds or Series 2015 Bonds shall be reduced at any time.

(k) **Event of Taxability.** A ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Series 2015 Bonds is includable in the gross income of the holder(s) or owner(s) of such Series 2015 Bonds and either (i) the Authority, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Authority shall challenge such ruling, assessment, notice or advice and a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered.

(l) **Secondary Coverage Covenant.** The Authority shall fail to comply with a certain annual debt service coverage ratio covenant set forth in the 2015 Liquidity Facility.

(m) **Attachments.** One or more attachments against the property of the Authority, the operation or result of which, individually or in the aggregate, equal or exceed \$5,000,000 shall remain unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days.

Events of Default and Rating Event Resulting in Immediate Termination.

Each of the following events shall also constitute an “Immediate Termination Event”:

(a) **Event of Insolvency.** An Event of Insolvency shall have occurred with respect to the Authority.

(b) **Payment Default.** Any failure, wholly or partially, (i) to make timely any payment of principal of or interest on the Series 2015 Bonds (including Bank Bonds) (other than a failure to pay principal or interest on Bank Bonds which has become immediately due and payable on the Bank Purchase Date or Initial Mandatory Redemption Date, as applicable, or otherwise as a result of the acceleration of Bank Bonds as described in paragraph (d) under the subheading “Remedies” below), or (ii) to make timely payments of principal of or interest on any Parity Bonds (including liquidity provider held Parity Bonds) (other than a failure to pay principal or interest on liquidity provider held Parity Bonds which have become immediately due and payable as a result of the acceleration of Parity Bonds pursuant to the terms of the liquidity facility related to such Parity Bonds) or Modified Parity Obligations or to make regularly scheduled payments on any Modified Parity Obligations.

(c) **Contest of Validity.** An officer of the Authority shall (i) claim that the Master Indenture or the Fifth Supplemental Indenture is not valid or binding on the Authority or (ii) repudiate the Authority’s obligation to make payments of principal or interest on the Series 2015 Bonds (including Bank Bonds) or the Authority’s obligation to make payments of principal or interest on any Parity Bonds or Parity Obligations or to make regularly scheduled payments on any Parity Obligations.

(d) **Invalidity.** Any court of competent jurisdiction or other governmental entity with jurisdiction shall have ruled pursuant to a final judgment or order, or any other Governmental Authority having jurisdiction shall find or rule, that the 2015 Liquidity Facility, the Indenture or the Series 2015 Bonds or any material provision hereof or thereof with respect to the payment of principal or interest on the Series 2015 Bonds (including Bank Bonds) or with respect to the Security therefor is null and void, invalid, unenforceable or not binding on the Authority.

(e) **Underlying Ratings.** The unenhanced long-term rating of the Series 2015 Bonds (other than Bank Bonds), any Parity Bonds (to the extent then rated) or any Parity Obligations (to the extent then rated) shall be (i) suspended or withdrawn for credit related reasons or reduced below “Baa3” by Moody’s (if then providing such a rating), (ii) suspended or withdrawn for credit related reasons or reduced below “BBB-” by S&P (if then providing such a rating) and (iii) suspended or withdrawn for credit related reasons or reduced below “BBB-” by Fitch (if then providing such a rating).

(f) **Judgments.** One or more final, unappealable judgments, writs or warrants of attachment against the Authority for the payment of money, which judgments, writs or warrants are payable from Revenues on a parity with the Series 2015 Bonds, the operation or result of which, individually or in the aggregate, equal or exceed \$5,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days.

Events of Default Resulting in Immediate Suspension.

Each of the following events shall also constitute a “Suspension Event”:

(a) ***Involuntary Bankruptcy Proceeding.*** (i) An involuntary case or other proceeding shall be commenced in a court of competent jurisdiction against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any substantial part of its property and (ii) such case has not been dismissed and (iii) fewer than sixty (60) days have elapsed since the commencement of such case or proceeding.

(b) ***Initiation of Legal Proceedings.*** The Authority shall initiate any legal proceedings to seek an adjudication that the 2015 Liquidity Facility, the Series 2015 Bonds, the Master Indenture or the Fifth Supplemental Indenture or any material provision thereof with respect to the payment of principal or interest on the Series 2015 Bonds (including Bank Bonds) or with respect to the Security therefor is not valid or not binding on the Authority.

Remedies.

Upon the occurrence of an Event of Default, Rating Event or Secondary Coverage Event under the 2015 Liquidity Facility, the 2015 Liquidity Facility Provider may take one or more of the following actions:

(a) ***Notice of Termination.*** Upon the occurrence of a Notice Termination Event, the 2015 Liquidity Facility Provider may give written notice of such Event of Default Rating Event or Secondary Coverage Event to the Authority, the Remarketing Agent and the Trustee stating that the 2015 Liquidity Facility shall terminate thirty (30) days (a “*Notice Termination Date*”) after such notice is delivered by the 2015 Liquidity Facility Provider to the Trustee and directing that the Series 2015 Bonds be called for Default Tender. The Available Commitment, the Bank Purchase Period and the obligation of the 2015 Liquidity Facility Provider to purchase Eligible Bonds shall terminate on the Notice Termination Date, and on such date the Available Commitment shall terminate and the 2015 Liquidity Facility Provider shall be under no obligation under the 2015 Liquidity Facility to purchase Eligible Bonds.

(b) ***Immediate Termination of 2015 Liquidity Facility Provider’s Obligation to Purchase Tendered Bonds.*** Upon the occurrence of any Immediate Termination Event, the Bank Purchase Period and the obligation of the 2015 Liquidity Facility Provider to purchase Eligible Bonds shall immediately terminate without notice or demand, and thereafter the 2015 Liquidity Facility Provider shall be under no obligation to purchase Eligible Bonds. Upon such Immediate Termination Event, the 2015 Liquidity Facility Provider shall promptly give written notice of the same to the Trustee, the Authority and the Remarketing Agent; provided, that the 2015 Liquidity Facility Provider shall incur no liability of any kind by reason of its failure to give such notice, and such failure shall in no way affect the termination of the Available Commitment and the 2015 Liquidity Facility Provider’s obligation to purchase Eligible Bonds pursuant to the 2015 Liquidity Facility. The Trustee shall immediately notify all Bondholders of the termination of the Available Commitment and the obligation of the 2015 Liquidity Facility Provider to purchase the Eligible Bonds.

(c) ***Suspension of 2015 Liquidity Facility Provider’s Obligation to Purchase Tendered Bonds.*** Upon the occurrence of a Suspension Event, the obligation of the 2015 Liquidity Facility Provider to purchase Eligible Bonds shall immediately be suspended without notice or demand and thereafter the 2015 Liquidity Facility Provider shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described in this paragraph. Promptly upon the 2015 Liquidity Facility Provider’s obtaining knowledge of any such Suspension Event, the 2015 Liquidity Facility Provider shall give written notice of the same to the Authority, the Trustee and the

Remarketing Agent of such suspension; provided, however, that the 2015 Liquidity Facility Provider shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the 2015 Liquidity Facility Provider's obligations under the 2015 Liquidity Facility. In the event such Suspension Event is cured prior to becoming an Immediate Termination Event, the 2015 Liquidity Facility Provider's obligations shall be automatically reinstated and the terms of the 2015 Liquidity Facility will continue in full force and effect (unless the 2015 Liquidity Facility shall otherwise have terminated or have been suspended by its terms or in accordance with the provisions described under this subheading "Remedies").

(d) ***Authority Obligations and the 2015 Liquidity Facility Provider's Rights Following Immediate Termination Event, Notice Termination Event or Suspension Event.*** (i) Upon the occurrence of an Event of Default, Rating Event or Secondary Coverage Event, all amounts owed to the 2015 Liquidity Facility Provider under the 2015 Liquidity Facility and under any Bank Bonds shall bear interest at the Default Rate until paid and the 2015 Liquidity Facility Provider shall have all remedies provided at law or equity, including, without limitation, the right of set-off and specific performance, (ii) immediately upon the occurrence of an Immediate Termination Event, the 2015 Liquidity Facility Provider may by written notice to the Authority declare all amounts owed to the 2015 Liquidity Facility Provider under the 2015 Liquidity Facility and with respect to the Bank Bonds to be immediately due and payable whereupon such amounts shall be immediately due and payable (provided, that the obligations of the Authority under the 2015 Liquidity Facility and under the Bank Bonds shall be and become automatically and immediately due and payable without such notice upon the occurrence of an Event of Insolvency) and (iii) on or following a Notice Termination Event (excluding, for this provision only, a Secondary Coverage Event) or Suspension Event, (A) the 2015 Liquidity Facility Provider may by written notice to the Authority declare all amounts payable to the 2015 Liquidity Facility Provider under the 2015 Liquidity Facility (other than amounts payable with respect to the Bank Bonds) to be due and payable on the Notice Termination Date (with respect to a Notice Termination Event) or as specified by the 2015 Liquidity Facility Provider (with respect to a Suspension Event) and (B) all amounts payable with respect to the Bank Bonds shall automatically become due and payable in full on the Bank Purchase Date, Initial Mandatory Redemption Date or the Accelerated Redemption Date, as applicable, as set forth in the 2015 Liquidity Facility. The 2015 Liquidity Facility Provider shall promptly provide written notice to the Trustee and the Authority of any acceleration of the amounts due under the 2015 Liquidity Facility.

Additional Rights.

In the event that the Authority enters into any credit agreement, reimbursement agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplemental or modification thereto), which agreement or instrument provides any additional or more restrictive covenants; additional or more restrictive termination events, suspension events or events of default; additional or more expansive remedies (other than pricing or interest rate increases) and/or additional or more expansive security/collateral provisions (collectively, the "Additional Rights") than are provided to the 2015 Liquidity Provider in the 2015 Liquidity Facility, then the 2015 Liquidity Provider is entitled to an amendment to the 2015 Liquidity Facility to incorporate such Additional Rights. Notwithstanding the foregoing, if any Additional Rights modifies, amends or adds to the Immediate Termination Events or Suspension Events in effect as to the 2015 Liquidity Facility, then, for purposes of the Indenture, such incorporation of such provision will result in the 2015 Liquidity Facility being deemed a Substitute Liquidity Facility for all purposes of the Indenture, and in no event shall such Additional Rights become part of the 2015 Liquidity Facility until the mandatory tender resulting from such delivery of a Substitute Liquidity Facility has occurred and the 2015 Liquidity Provider has honored any purchase of Series 2015 Bonds resulting from such substitution in accordance with the terms of the 2015 Liquidity Facility and the Indenture. However, if any Additional Rights modifies, amends or adds to the conditions to purchase under the 2015 Liquidity Facility, such incorporation of such provision will

not result in the 2015 Liquidity Facility being deemed a Substitute Liquidity Facility and there will not be a mandatory tender of the Series 2015 Bonds prior to the incorporation of such Additional Rights.

Substitution of Alternate 2015 Liquidity Facility

Pursuant to the provisions of the Indenture, the Authority may, at any time, deliver a replacement for a 2015 Liquidity Facility (such replacement being hereinafter referred to as an “Alternate 2015 Liquidity Facility”) upon satisfaction of certain conditions set forth in the Indenture. The Authority shall provide written notice to the Trustee of any proposed substitution of an Alternate 2015 Liquidity Facility, and the Trustee shall mail notice of such proposed substitution to the Holders of affected Series 2015 Bonds at least 15 days prior to the effective date of such substitution.

Pursuant to the provisions of the Indenture, the affected Series 2015 Bonds will be subject to mandatory tender for purchase on the date such Alternate 2015 Liquidity Facility shall take effect; provided there shall be no mandatory tender for purchase of such Series 2015 Bonds on the effective date of the provision of the Alternate 2015 Liquidity Facility if the Authority has received a Rating Confirmation on the Series 2015 Bonds. The Authority is not required to maintain the 2015 Liquidity Facility with respect to the Series 2015 Bonds in an Index Rate Period, a Term Rate Period for which there is no Liquidity Facility or a Fixed Rate Period.

SUMMARY OF REFUNDING PLAN

The Authority will apply the proceeds of the Series 2015 Bonds, together with other available funds, to pay all principal of and accrued interest on all outstanding Refunded Bonds, as described below.

The Refunded Bonds, which prior to the issuance of the 2015 Bonds are outstanding in the aggregate principal amount of \$106,100,000, were issued by the Authority on September 30, 2009 pursuant to the Indenture and are payable from Revenues.

To effect the redemption of the Refunded Bonds, the Authority will cause the proceeds of the Series 2015 Bonds to be deposited with trustee for the Refunded Bonds. From such moneys, together with other available amounts, the Authority will cause the trustee for the Refunded Bonds to redeem the Refunded Bonds on the date of issuance of the Series 2015 Bonds at a redemption price equal to the principal amount thereof plus interest accrued thereto, if any, without premium.

Upon the redemption of the Refunded Bonds, a portion of moneys held in the Bond Reserve Fund will be transferred to the Authority to finance capital projects or other lawful purposes.

ESTIMATED SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds with respect to the Series 2015 Bonds and the redemption of the Refunded Bonds:

SOURCES:	
Principal Amount of Series 2015 Bonds	\$106,100,000.00
Equity Contribution from Authority	86,596.77
Reserve Fund Release related to Refunded Bonds	10,295,024.60
Interest Fund Deposit related to Refunding Bonds	290.69
TOTAL SOURCES	\$116,481,912.06
USES:	
Redemption of Refunded Bonds	\$106,100,290.69
Project Fund	9,863,924.60
Costs of Issuance ⁽¹⁾	517,696.77
TOTAL USES	\$116,481,912.06

⁽¹⁾ Costs of issuance include rating agencies, legal and financial advisory fees and printing costs and expenses; Underwriters' discount; fees of the Trustee; and other miscellaneous expenses.

SACRAMENTO TRANSPORTATION AUTHORITY

General

The Authority was created in 1988 as a local transportation authority pursuant to the Act. The Authority is primarily responsible for administering the Sacramento County Transportation Expenditure Plan 2009-2039 (the "2004 Expenditure Plan"). See "SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN" below. The Authority also administers the Sacramento Metropolitan Freeway Service Patrol program in cooperation with the California Department of Transportation and the California Highway Patrol. This program's primary objective is to reduce traffic congestion caused by roadway incidents. The Authority Governing Board and staff also serve as the Governing Board and staff of the Sacramento Abandoned Vehicle Service Authority which provides funding to participating local jurisdictions for the abatement of abandoned vehicles and vehicle parts on streets and private property. The Authority is the only local countywide transportation agency and, therefore, provides a number of other functions related to setting priorities for the expenditure of specific state and federal transportation funds in the County.

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

The current Governing Board of the Authority is comprised of 16 members: five members of the Board of Supervisors of the County; five members of the City Council of the City of Sacramento; two members of the City Council of the City of Elk Grove; one member of the City Council of the City of Galt, representing the City of Galt and the City of Isleton; and one member each of the City Councils of the Cities of Citrus Heights, Folsom and Rancho Cordova. Pursuant to the Act, members of the Governing Board of the Authority serve staggered terms of not more than four years. The Act requires a two-thirds vote of the Governing Board of the Authority in order to issue any limited tax bonds including any Additional Bonds.

Administrative Staff

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

BRIAN WILLIAMS – Executive Director since August 1997. Mr. Williams has been in the transportation industry for over 25 years. He previously served as the Authority's Acting Executive Director. From 1993-96, he administered the Authority's congestion management program (CMP). He has also worked as a Transportation Planner for the California Department of Transportation district office in Marysville and Sacramento and as a Transportation and Air Quality planner for the Sacramento Area Council of Governments. Mr. Williams holds a B.A. degree from CSU-Sacramento and a M.A. degree from UC Davis.

LISA VALINE – Accounting Manager since October 2013. Ms. Valine manages all of the Authority's financial reporting and day-to-day accounting functions. From 2010-2013 she served the Authority as Senior Accountant. Prior to joining the Authority, she worked for 15 years as an Accountant and Senior Accountant for various state and local government agencies, including the City of Sacramento Parks & Recreation Department, the City of West Sacramento, and the Alameda County Congestion Management Agency. She also has prior experience in private-sector accounting.

NORMAN HOM – Administrative Services Officer III since January 2010. Mr. Hom manages the Sacramento Metropolitan Freeway Service Patrol program and the Sacramento Abandoned Vehicle Abatement Program, and provides general and technical administrative support. Prior to his current engagement, Mr. Hom served the Authority since 1994 as Associate Planner. His prior experience also includes planning positions with the City of Fairfield and the City of Lodi. Mr. Hom holds a B.A. degree and a M.A. degree from the University of Arizona.

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

THE SALES TAX

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

In November of 2004, more than 75% of the voters in the County voting on such ballot measure approved Measure A ("2004 Measure A"), implementing a 30-year half-cent sales tax that became effective on April 1, 2009 and which expires on March 31, 2039. The 2004 Measure A Sales Tax is a special retail transactions and use tax of one half of one percent (0.5%) of the gross receipts of retailers from the sale of all tangible personal property sold at retail in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for

storage, use or other consumption in the County, subject to certain exceptions. The 2004 Measure A Sales Tax is authorized under the Authority's Ordinance No. STA 04-01 (the "2004 Ordinance"). As part of the 2004 Ordinance, the Authority also adopted a new Sacramento County Transportation Expenditure Plan 2009-2039 (the "2004 Transportation Expenditure Plan") which governs the expenditure of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee (as defined below). See "SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN" below.

Collection of the 2004 Measure A Sales Tax is administered by the Board of Equalization which imposes a charge for administration. Based on legislation (AB 102, Chapter 75, Statutes of 1993), such charges are based on actual cost rather than the previous fixed percentage. The Authority has authorized the Board of Equalization to make payment of Sales Tax Revenues directly to the Trustee after deducting the costs of administering the 2004 Measure A Sales Tax. Pursuant to its procedures, the Board of Equalization will project receipts of the Sales Tax Revenues on a quarterly basis and will remit an advance of such receipts to the Trustee on a monthly basis based on such projection. During the last month of each quarter, the Board of Equalization will adjust the amount remitted to reflect the actual receipts of the 2004 Measure A Sales Tax for the prior quarter and to deduct the full amount of the administrative fee for the prior quarter. Upon receipt of the Sales Tax Revenues, the Trustee will retain the Sales Tax Revenues. Once the Trustee applies the Sales Tax Revenues to meet the payment requirements required by the Indenture, the balance of the Sales Tax Revenues will then be forwarded to the Authority to be applied by the Authority for all lawful Authority purposes.

Prior to July 1, 1993, the amount retained by the Board of Equalization was based on a flat 0.82% of the receipts of the Sales Tax. Effective July 1, 1993, the amount retained by the Board of Equalization is based on the total special taxing jurisdiction costs reflected in the annual budget of the State of California, and includes direct, shared and central agency costs incurred by the Board of Equalization. For fiscal year 1995 and each fiscal year thereafter, the amount retained by the Board of Equalization will be adjusted to account for the difference between the Board of Equalization's recovered costs and the actual costs incurred by the Board of Equalization during the prior two fiscal years. Commencing July 1, 1998, the amount retained by the Board of Equalization may not exceed the lesser of the percentage retained for the fiscal year ended June 30, 1999 and 1.5% of the receipts of the Sales Tax. The amount retained by the Board of Equalization for the fiscal year ended June 30, 2013 was \$890,540 and for the fiscal year ended June 30, 2014 was \$1,154,560.

Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues

In November of 1988, the eligible voters in Sacramento County voting on the ballot measure approved Measure A ("1988 Measure A") implementing a twenty-year, half-cent sales tax (the "1988 Measure A Sales Tax") through Ordinance No. STA-0002 that became effective April 1, 1989 and which expired on March 31, 2009. The 1988 Measure A Sales Tax was levied against the same sales tax base as the 2004 Measure A Sales Tax. Collection of the 1988 Measure A Sales Tax was also administered by the Board of Equalization. The 2004 Ordinance provides that there will be no concurrent assessment of the 1988 Measure A Sales Tax and the 2004 Measure A Sales Tax.

The following table shows 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues reported by the Authority from Fiscal Year ended June 30, 1990 to Fiscal Year ended June 30, 2014. For the first two quarters of the Fiscal Year 2014-15, the Authority has received Sales Tax Revenues in the amount of \$52,998,334.

**Sacramento Transportation Authority
Historical 1988 Measure A and 2004 Measure A Sales Tax Revenues
Fiscal Years Ended June 30, 1990 - 2014⁽¹⁾**

Fiscal Year Ended June 30	1988 Measure A and 2004 Measure A Sales Tax Revenues ⁽¹⁾	Percent Increase (Decrease)
1990	\$ 53,324,666	-
1991	51,583,341	(3.27)%
1992	50,691,901	(1.73)
1993	54,645,978	7.80
1994	51,883,457	(5.05)
1995	56,072,450	8.07
1996	59,086,587	5.37
1997	60,427,602	2.27
1998	65,056,187	7.66
1999	69,163,509	6.31
2000	77,964,580	12.72
2001	85,115,891	9.17
2002	85,566,500	0.53
2003	88,631,137	3.58
2004	96,090,354	8.42
2005	101,221,107	5.34
2006	108,749,536	7.44
2007	105,533,607	(2.96)
2008	101,392,980	(3.92)
2009	92,504,796	(8.77)
2010	82,090,478	(11.26)
2011	85,782,167	4.49
2012	92,239,996	7.53
2013	97,390,177	5.58
2014	100,063,237	2.74

Source: The Authority.

⁽¹⁾ 1988 Measure A Sales Tax Revenues expired on March 31, 2009. Totals for Fiscal Year 2008-09 include both 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues.

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

For Fiscal Year ended June 30, 2014, the Authority received \$100,063,237 of 2004 Measure A Sales Tax Revenues, a 2.74% increase from Fiscal Year ended June 30, 2013. For Fiscal Year ending June 30, 2015, the Authority projects to receive \$105,960,652 of 2004 Measure A Sales Tax Revenues, a 5.89% projected increase from Fiscal Year ended June 30, 2014.

The following table shows the amount of Sales Tax Revenues collected on a quarterly basis for Fiscal Years 2012-2013 and 2013-14 and the percentage increase or decrease from the previous fiscal year quarter and the same quarter from the prior fiscal year.

**Sacramento Transportation Authority
Quarterly Historical 2004 Measure A Sales Tax Revenues
Fiscal Years Ended June 30, 2013 and June 30, 2014**

	1 st Quarter (July 1 – September 30)	2 nd Quarter (October 1 – December 31)	3 rd Quarter (January 1 – March 31)	4 th Quarter (April 1 – June 30)
2013	\$ 24,339,981	\$ 24,523,112	\$ 23,409,496	\$ 23,544,410
2014	\$ 25,148,335	\$ 24,997,943	\$ 25,552,027	\$ 24,671,340
% FY 2013-14 Change from previous quarter same Fiscal Year	-	(0.60)%	2.22%	(3.45)%
% FY 2013-14 Change from same quarter prior Fiscal Year	3.32%	1.94%	9.15%	4.79%

Source: The Authority.

Assuming audited 2004 Measure A Sales Tax Revenues of \$100,063,237 for the Fiscal Year ended June 30, 2014 will remain level for the life of the Series 2015 Bonds and using the Debt Service Schedule set forth above under “DEBT SERVICE SCHEDULE,” 2004 Measure A Sales Tax Revenues will be 9.43 times annual debt service in Fiscal Year ended June 30, 2015 on the Series 2015 Bonds, the Series 2014A Bonds, the Series 2012 Bonds and the Series 2009C Bonds and 2.78 times maximum annual debt service on the Series 2015 Bonds, the Series 2014A Bonds, the Series 2012 Bonds and the Series 2009C Bonds.

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

SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN

General

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

No 2004 Measure A Impact Fees are pledged under the Indenture. The Series 2015 Bonds are not secured by the 2004 Measure A Impact Fees.

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

Under the 2004 Expenditure Plan, 2004 Measure A Sales Taxes and 2004 Measure A Impact Fees are allocated among certain transportation, public transit and environmental mitigation programs. These allocations are made after required deposits of Sales Tax Revenues are made to funds held under the Indenture for payments of the Bonds and other obligations secured by Sales Tax Revenues, as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Revenue Fund; Allocation of Sales Tax Revenues” above. A brief description of the allocations and each program is set forth below.

After deduction of all required Board of Equalization fees and authorized costs, revenues received from 2004 Measure A Sales Taxes (after deposits to the Revenue Fund as described under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS—Revenue Fund; Allocation of Sales Tax Revenues”) and 2004 Measure A Impact Fees are to be distributed by formula allocation to local government and transit agencies as described in the 2004 Expenditure Plan. Any remaining funds received are maintained and expended by the Authority at the discretion of the Governing Board.

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

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

30% of 2004 Measure A Sales Tax revenue is to be distributed among local jurisdictions for city street and county road maintenance. Distribution among the cities and unincorporated County area is to be based 75% on relative population and 25% on total street and road mileage. The formula will be updated annually based upon California Department of Finance estimates of population for cities and counties. Under the 2004 Expenditure Plan, evidence of maintenance of effort is required. Each local jurisdiction receiving funds is required to file with the Authority a pavement and bridge maintenance system report on a biennial basis regarding progress in maintaining local streets and roads. The report is to be in a form which can be audited on a biennial basis by the Independent Taxpayer Oversight Committee (“ITOC”) established under the 2004 Expenditure Plan. See – “*Independent Taxpayer Oversight Committee*” below. As of August 2014, it was estimated that over the life of the 2004 Expenditure Plan 30% of the 2004 Measure A Sales Tax revenue would be approximately \$1,641,876,600 (2014 dollars).

The remaining 8% of the 2004 Measure A Sales Tax revenue and the entire 35% of the 2004 Measure A Impact Fee revenue is allocated to local arterial safety and traffic operations improvement programs. The 8% portion of the Sales Tax Revenues is further divided. 5% is to be expended under the local arterial program to fund arterial safety, operational, streetscaping, bicycle and pedestrian improvements, improved accessibility for the disabled and upgrades of arterials to urban standards. The remaining 3% of Sales Tax Revenues is allocated to fund traffic control system improvements, high priority pedestrian and vehicle safety projects and emergency vehicle preemption systems. As of August 2014, it was estimated that over the life of the 2004 Expenditure Plan, 35% of the 2004 Measure A Impact Fees would generate approximately \$137,558,820 (2014 dollars) and 8% of the Sales Tax Revenues would be approximately \$437,833,700 (2014 dollars).

Transit Congestion Relief Program. 38.25% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund transit capital improvements and provide funding for operating and maintaining those improvements. These funds are to be directly subvented to

Sacramento Regional Transit based on a five-year transit capital and operating business plan to be updated annually as recommended by the Sacramento Regional Transit District and approved by the Governing Board. It was estimated as of August 2014 that over the life of the 2004 Expenditure Plan, approximately \$2,093,392,000 (2014 dollars) would be available from 2004 Measure A Sales Tax revenue and approximately \$78,605,000 (2014 dollars) from 2004 Measure A Impact Fees.

Freeway Safety and Congestion Relief Program. 12% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund congestion relief projects on the freeway system in the County. The program is separated into two general categories: regional bus and carpool lane connections and extensions and local freeway interchange congestion relief upgrades. As of August 2014, it was estimated that over the life of the 2004 Expenditure Program, approximately \$656,750,500 (2014 dollars) in 2004 Measure A Sales Tax revenue and approximately \$78,605,000 (2014 dollars) in 2004 Measure A Impact Fees would be available to fund this program.

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

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

Future Financing Plans

The Authority anticipates that the 2004 Expenditure Plan will be funded through a combination of pay-as-you-go and bond financing. The current Plan of Finance for the 2004 Expenditure Plan contemplates issuance of approximately \$40 million of additional bonds in 2018 and approximately \$40 million of additional bonds in 2020. The Plan of Finance for the 2004 Expenditure Plan assumes compliance with the Indenture requirements for the issuance of additional Bonds secured by the Sales Tax Revenues. Based on actual receipts of projected revenues, including Sales Tax Revenues, as well as the results of updates to the 2004 Expenditure Plan, plans regarding the timing and principal amount of additional Bonds may be modified. The principal amount of additional Bonds or other financing instruments to be subsequently issued by the Authority and the timing of any such issuance or issuances will be determined by the Authority based on a variety of factors including the costs and timing of design and construction of the transportation projects to be financed and the resources then available. The issuance of additional Bonds is subject to the requirements of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Additional Bonds and Parity Obligations.”

RISK FACTORS

Economy of the County and the State

The Series 2015 Bonds are secured by a pledge of Sales Tax Revenues, which consist of the 2004 Measure A Sales Tax less an administrative fee paid to the Board of Equalization. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally. As a result, any substantial deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the amount of Sales Tax Revenues and therefore upon the ability of the Authority to pay principal of and interest on the Series 2015 Bonds. For certain information relating to economic conditions within the County see APPENDIX B - "INFORMATION REGARDING THE COUNTY OF SACRAMENTO" which is the most current information available from the sources cited therein; however, the information in APPENDIX B has not been updated to reflect the most recent economic conditions which may exist in the County.

The Sales Tax

With limited exceptions, the 2004 Measure A Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the 2004 Measure A Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Authority is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See also "Proposition 218" below. For a further description of the 2004 Measure A Sales Tax, see "THE SALES TAX."

State and Local Sales Tax

The 2004 Measure A Sales Tax is in addition to the 7.50% sales and use tax levied statewide by the State of California. Combined with the 2004 Measure A Sales Tax, this State sales tax results in transactions in the County being taxed at an effective rate of 8.00%. There could be additional increases in the State sales tax which could have an adverse effect on consumption resulting in a reduction in the 2004 Measure A Sales Tax.

In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in California of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of California for use within the State, subject to certain exceptions.

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIIC and XIID to the California Constitution. Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Authority. The 2004 Measure A Sales Tax received the approval of more than 2/3 of the voters as required by Article XIIC. However, Article XIIC also removes limitations that may have applied to the

voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Authority, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the 2004 Measure A Sales Tax in a manner which would prevent the payment of debt service on the Series 2015 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. The interpretation and application of Proposition 218 to the 2004 Measure A Sales Tax has not been the subject of any court decision.

Further Initiatives

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

No Acceleration Provision for the Series 2015 Bonds

The Indenture does not contain a provision allowing for the acceleration of the Series 2015 Bonds in the event of a default in the payment of principal and interest on the Series 2015 Bonds when due. In the event of a default by the Authority, the Trustee on behalf of the Holders of the Series 2015 Bonds, will have the right to exercise remedies other than acceleration, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default and Remedies."

2015 Liquidity Facility Bonds are subject to acceleration under certain circumstances as provided in the 2015 Liquidity Facility. See "THE 2015 LIQUIDITY FACILITY – Remedies".

Renewal of Liquidity Facilities

As described herein in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Liquidity Arrangements," in connection with the Series 2009C Bonds, the Authority has executed a standby bond purchase agreement similar to the 2015 Liquidity Facility, which expires prior to the maturity date of the Series 2009C Bonds. If the 2009C Liquidity Facility expires, and the Authority is unable to secure a replacement liquidity facility, the Series 2009C Bonds will be subject to mandatory tender for purchase by the holders thereof upon such expiration and the 2009C Liquidity Facility will be accessed to pay the purchase price of such tendered bonds. In such circumstances, subject to the satisfaction of certain conditions, the Authority is required to repay such Series 2009C Bank Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2009C Bank Bonds will be immediately due and payable.)

Mandatory Purchase Pursuant to Direct Purchase Arrangements

As described herein in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Direct Purchase Arrangements," the Series 2014A Bonds are subject to mandatory purchase by the Authority on the Termination Date, which date is prior to the maturity date for the Series 2014A Bonds. In the event that the Series 2014A Bonds are not purchased on the Termination Date (and certain other circumstances), subject to the satisfaction of certain conditions, the continuing covenant agreement related to the Series 2014A Bonds generally requires the Authority to repay the Series 2014A Bonds over a five year period, at an increased interest rate. (If the conditions are not satisfied in such circumstances, the Series 2014A Bonds will be immediately due and payable.) The continuing covenant agreement also generally requires the Authority, subject to notice periods as described in the continuing covenant agreement, to immediately purchase the Series 2014A Bonds upon the occurrence and continuance of specified events of default thereunder.

Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the Series 2015 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2015 Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the Series 2015 Bonds. Should interest become includable in federal gross income, the Series 2015 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

Limitations of 2015 Liquidity Facility and Related Risks

The ability to obtain funds under the 2015 Liquidity Facility in accordance with its terms may be limited by federal or state law. Bankruptcy, conservatorship, receivership and similar laws governing financial institutions may prevent or restrict payment under the 2015 Liquidity Facility. The ratings on the Series 2015 Bonds depend on the ratings of the 2015 Liquidity Facility Provider; accordingly, the ratings on the Series 2015 Bonds could be downgraded, withdrawn or placed on credit watch if the 2015 Liquidity Facility Provider was to be downgraded, placed on credit watch or have its credit suspended or withdrawn or were to refuse to perform under the 2015 Liquidity Facility.

The obligation of the 2015 Liquidity Facility Provider under the 2015 Liquidity Facility to purchase unremarketed Series 2015 Bonds is subject to the conditions and limitations set forth therein, and is also subject to all rights and defenses available to contracting parties generally. The 2015 Liquidity Facility is not a guaranty to pay the purchase price of the Series 2015 Bonds tendered for purchase. The 2015 Liquidity Facility is a general contract subject to certain conditions and limitations, and is not a letter of credit. Purchasers of the Series 2015 Bonds should consult their legal counsel for an explanation of the differences between a general contract and a letter of credit or guaranty. The information set forth in this Official Statement is included as a summary of selected differences and does not purport to be complete or definitive.

In general, a letter of credit is an independent, special contract by a bank to pay a third party such as a bond trustee holding the letter of credit for the benefit of owners of bonds. Banks are required by law to honor their letters of credit except in specified circumstances. If a dispute were to develop between a bank and its borrower, except in limited circumstances, the dispute should not jeopardize payment under the letter of credit because (a) the letter of credit would be independent of the disputed contract between the borrower and the bank and (b) the beneficiary of the letter of credit (typically, the bond trustee) would have direct rights under the letter of credit. Further, and although there are defenses to payment of letters of credit, such defenses are limited by law to specified circumstances.

In contrast, the 2015 Liquidity Facility is a general contract only. No law expressly requires performance of the contract, although the non-breaching party would be entitled to allowable damages if there were a breach of contract. Although the Trustee is authorized to draw funds in accordance with the terms of the 2015 Liquidity Facility, the 2015 Liquidity Facility Provider has no independent obligation to the Trustee. If a dispute were to develop, the 2015 Liquidity Facility Provider will have all defenses allowed by law or in equity to its payment under or other performance of the 2015 Liquidity Facility, including but not limited to disputes (whether valid or not) regarding the authority of any party to enter into or perform the 2015 Liquidity Facility. Laws regarding contracts allow more of such defenses than laws regarding letters of credit do.

The 2015 Liquidity Facility Provider or the Authority may seek to have any future dispute resolved in court and appealed to final judgment before such 2015 Liquidity Facility Provider performs under the 2015 Liquidity Facility. Further, even if the Authority were to prevail against the 2015 Liquidity Facility Provider, a court would not necessarily order such 2015 Liquidity Facility Provider to

perform under its 2015 Liquidity Facility; it could instead award damages for breach of contract to the Authority. Any such award would not necessarily be in an amount sufficient to pay the purchase price of the applicable Series of the Series 2015 Bonds. See “THE 2015 LIQUIDITY FACILITY – LIMITATIONS OF THE 2015 LIQUIDITY FACILITY.”

Factors Relating to Swaps

The Authority has entered into the Initial Swaps and has reserved the right to enter into other interest rate swaps or hedge agreements prior to the maturity date of the Series 2015 Bonds that are secured by Sales Tax Revenues on a parity with the Bonds (except for fees, expenses and termination payments thereunder). Any interest rate swap or other hedge agreement, including the Initial Swaps, to which the Authority is a party may, at any time, have a negative value to the Authority. There are various events that give rights to the Authority and the Counterparties to terminate their respective Interest Rate Swap Agreement. Other swap or hedge agreements entered into by the Authority would likely have early termination rights for both parties. If either a swap or other hedge counterparty or the Authority terminates such an agreement when the agreement has a negative value to the Authority, the Authority would generally be obligated to make a termination payment to the counterparty in the amount of such negative value, and such payment could be substantial. As of January 30, 2015, the mark-to-market valuation of the Initial Swaps was \$123,446,863.04 (the cost to the Authority to terminate the Initial Swaps). Under the Initial Swaps and any future swaps, the Authority’s obligation to make such a termination payment is subordinate to the Authority’s obligation to pay the principal of and interest on the Series 2015 Bonds, the Series 2014A Bonds, the Series 2012 Bonds and the Series 2009C Bonds. A counterparty may generally only terminate such an agreement upon the occurrence of defined events of default and termination events, including, without limitation, nonpayment by the Authority or the counterparty, insolvency event of the Authority or the counterparty or in the event rating agencies withdraw or downgrade the ratings of the Authority below specified levels.

Impact of Bankruptcy of the Authority

While an involuntary bankruptcy petition cannot be filed against the Authority, the Authority is authorized to file for bankruptcy under certain circumstances. Should the Authority file for bankruptcy, there could be adverse effects on the holders of the Series 2015 Bonds.

If the Sales Tax Revenues are “special revenues” under the Bankruptcy Code, then Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture. “Special revenues” are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. If a court determined that the 2004 Measure A Sales Tax was levied to finance the general purposes of the Authority, rather than specific projects, then the Sales Tax Revenues would not be special revenues. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues or that the Series 2015 Bonds are not of a type protected by the “special revenues” provisions of the Bankruptcy Code. Were the Sales Tax Revenues determined not to be “special revenues,” or were the Series 2015 Bonds determined to not be protected by the Bankruptcy Code, then Sales Tax Revenues collected after the commencement of a bankruptcy case would likely not be subject to the lien of the Indenture. The holders of the Series 2015 Bonds may not be able to assert a claim against any property of the Authority other than the Sales Tax Revenues, and were these amounts no longer subject to the lien of the Indenture following commencement of a bankruptcy case, then there could thereafter be no amounts from which the holders of the Series 2015 Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to

other obligations. This rule applies regardless of the provisions of the transaction documents. The law is not clear as to whether, or to what extent, the Sales Tax Revenues would be considered to be “derived” from a project or system. To the extent that the Sales Tax Revenues are determined to be derived from a project or system, the Authority may be able to use Sales Tax Revenues to pay necessary operating expenses, before the remaining Sales Tax Revenues are turned over to the Trustee to pay amounts owed to the holders of the Series 2015 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If the Authority is in bankruptcy, the parties (including the Trustee and the holders of the Series 2015 Bonds) may be prohibited from taking any action to collect any amount from the Authority or to enforce any obligation of the Authority, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2015 Bonds from funds in the Trustee’s possession. The procedure pursuant to which the Sales Tax Revenues are paid directly to the Trustee by the California State Board of Equalization may no longer be enforceable, and the Authority may be able to require that the Sales Tax Revenues be paid directly to it by the Board of Equalization.

If the Authority has possession of Sales Tax Revenues (whether collected before or after commencement of the bankruptcy) and if the Authority does not voluntarily pay such moneys to the Trustee, it is not entirely clear what procedures the Trustee or the holders of the Series 2015 Bonds would have to follow to attempt to obtain possession of such Sales Tax Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some of the Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case as long as the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2015 Bonds will be adequately protected.

The Authority may also be able, without the consent and over the objection of the Trustee and the holders of the Series 2015 Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Series 2015 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2015 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 2015 Bonds, or result in losses to the holders of the Series 2015 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 2015 Bonds.

Effect of Internet Commerce

Purchasers of goods by California consumers from out-of-state retailers over the internet, or by mail or phone order, are subject to California use tax. Collection of such use tax revenues is difficult, due to, among other reasons, the lack of awareness by many individuals and business of the applicability of such use taxes on these purchases, inadequate record keeping and legal impediments to collecting such taxes. For example, federal law precludes states from requiring businesses not “engaged in business” in the purchaser’s state to collect the use tax from the purchases. The State Board of Equalization has previously estimated that the State has suffered significant revenue losses from uncollected use tax from

purchasers of goods from out-of-state retailers over the internet, or by mail or phone order. There can be no assurances that such purchases of goods will not increase, and thereby reduce the amount of Sales Tax Revenues available for payment of the Series 2015 Bonds.

The increasing use of the internet to conduct electronic commerce may adversely impact Sales Tax Revenues. To the extent that transactions otherwise subject to the retail transactions and use tax imposed by the 2004 Ordinance avoid the imposition of sales and use tax because they constitute sales over the internet that are not subject to such tax, the Sales Tax Revenues may be negatively impacted. The Authority can provide no assurance that internet sales will not adversely impact the amount of Sales Tax Revenues available to meet the obligations of the Series 2015 Bonds.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Authority, threatened against the Authority concerning the validity of the Series 2015 Bonds. The Authority is not aware of any litigation pending or threatened against the Authority questioning the political existence of the Authority or contesting the Authority's ability to impose and collect the 2004 Measure A Sales Tax.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2015 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

Series 2015 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2015 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2015 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2015 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2015 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's

attention after the date of issuance of the Series 2015 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2015 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2015 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2015 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Series 2015 Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2015 Bonds. Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2015 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2015 Bonds ends with the issuance of the Series 2015 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners regarding the tax-exempt status of the Series 2015 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2015 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2015 Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

LEGAL MATTERS

The validity of the Series 2015 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal

matters will be passed upon for the Authority by its General Counsel and by Nossaman LLP, as Disclosure Counsel, for the 2015 Liquidity Provider by Chapman and Cutler LLP, and for the Underwriter and Remarketing Agent by their counsel, Nixon Peabody LLC.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of owners of the Series 2015 Bonds to provide certain financial information and operating data relating to the Authority by not later than two hundred seventy (270) days after the end of the Authority's fiscal year in each year, commencing with the fiscal year ending June 30, 2015 and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of certain enumerated events will be filed by the Authority with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Authority Rule 15c2-12(b)(5) (the "Rule"). Within the past five years, the Authority has not failed to comply in all material respects with any previous undertaking with respect to the Rule. See APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

RATINGS

Fitch Ratings and Standard & Poor's Ratings Services have assigned the Series 2015 Bonds: (i) a short term rating of "F-1" and "A-1," respectively, based on the delivery of the 2015 Liquidity Facility by the 2015 Liquidity Facility Provider on the date of issuance of the Series 2015 Bonds; and (ii) the underlying enhanced long term rating of "AA+" and "AA+," respectively.

A rating is not a recommendation to buy, sell or hold securities and the ratings described above reflect only the views of each rating agency and any explanation of the meaning or significance of any rating should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, at One State Street Plaza, 31st Floor, New York, New York 10004 and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. The Authority has furnished to the rating agencies certain information, including information not included herein. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings, or other actions of a rating agency relating to its rating on the Series 2015 Bonds may have an adverse effect on the marketability or market price of the Series 2015 Bonds.

The Authority expects to furnish to each rating agency such information and material as it may request. The Authority, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. The failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2015 Bonds. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price and marketability of such Series 2015 Bonds.

FINANCIAL ADVISOR

The Authority has retained Public Financial Management, Inc., San Francisco, California as financial advisor (the "Financial Advisor") in connection with the authorization and delivery of the Series 2015 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Authority is included in the Authority's Audited Financial Statements For Year Ended June 30, 2014, which are included as part of Appendix A. The financial statements of the Authority as of June 30, 2014 included in Appendix A in this Official Statement have been audited by Richardson & Company, Certified Public Accountants, as stated in their report appearing in Appendix A. Richardson & Company was not requested to consent to the inclusion of its report in Appendix A, nor has it undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Richardson & Company with respect to any event subsequent to the date of its report. For more recent financial information with respect to the collection of Sales Tax Revenues, see "THE SALES TAX—Historical 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues."

UNDERWRITING

The Authority has entered into a Purchase Contract (the "Purchase Contract") with respect to the Series 2015 Bonds with J.P. Morgan Securities LLC (the "Underwriter") pursuant to which the Underwriter will agree, subject to certain conditions, to purchase the Series 2015 Bonds for reoffering at a purchase price of \$106,013,403.23, which represents the aggregate principal amount of the Series 2015 Bonds and less an Underwriter's discount of \$86,596.77.

The Underwriter will purchase all of the Series 2015 Bonds if any are purchased. The public offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2015 Bonds to dealers (including dealers depositing the Series 2015 Bonds into investment trusts) and others at prices lower than such initial public offering prices.

The Underwriter 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 (if applicable to this transaction), each of CS&Co. and LPL will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority and any purchasers or holders of any of the Series 2015 Bonds. All quotations from and summaries and explanations of the Indenture, and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions which are available upon request from the Trustee.

Any statements in this Official Statement involving matters of opinion, estimates, forecasts, projections, or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such opinions or the like will be realized. The agreements of the Authority are fully set forth in the Indenture and this Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2015 Bonds.

This Official Statement has been authorized and approved by the Authority and duly executed and delivered on its behalf by the Executive Director of the Authority.

SACRAMENTO TRANSPORTATION AUTHORITY

By: /s/ Brian Williams
Executive Director

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APPENDIX A

**SACRAMENTO TRANSPORTATION AUTHORITY
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**SACRAMENTO
TRANSPORTATION
AUTHORITY**

Sacramento, California

*FOR THE
FISCAL YEAR ENDED JUNE 30, 2014*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SACRAMENTO TRANSPORTATION AUTHORITY

Sacramento, California

FOR THE

FISCAL YEAR ENDED JUNE 30, 2014

PREPARED BY

Lisa Valine
Accounting Manager

**SACRAMENTO TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SACRAMENTO TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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INTRODUCTORY SECTION



Sacramento Transportation Authority

431 I Street, Suite 106
Sacramento, CA 95814

(916) 323-0080 Telephone
(916) 323-0850 Fax

Email: info@sacta.org
Web: sacta.org

October 17, 2014

The Honorable Members of the Sacramento Transportation
Authority Governing Board

The Comprehensive Annual Financial Report for the Sacramento Transportation Authority (the "Authority") for the year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Authority was established under the Local Transportation and Improvement Act, California Public Utilities Code Division 19, during the 1988-89 fiscal year. The voters of Sacramento County passed an ordinance (Measure A) enacted by the Authority imposing a retail transactions and use (sales) tax increase throughout the County at a maximum rate of one half of one percent (1/2 of 1%) for a period of 20 years. In 2004, voters approved a 30 year extension of the original Measure. This extension began in the 2009-10 year. The sales tax generated by Measure A must be used to fund public road improvements, public road maintenance, public transit functions, air quality, and elderly and handicapped transportation functions.

This report includes all funds, agencies, boards, commissions and authorities that are financially accountable to the Authority Governing Board. Such financial accountability was determined on the basis of budget adoption, taxing authority, imposition of will, funding, and appointment of the governing board. Based on this criteria, since the Authority Governing Board is also the Governing Board of the Sacramento Abandoned Vehicle Service Authority (SAVSA), SAVSA is considered a component unit of the Authority. SAVSA is represented in the Authority's Special Revenue Fund.

United States Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the independent auditor's report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

Internal Controls In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Management of the Authority is responsible for the establishment and maintenance of internal controls designed to (1) provide reasonable, but not absolute, assurance that assets of the Authority are protected against loss from unauthorized use or disposition and (2) that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Local economy. The unemployment rate for Sacramento County in June 2014 was 7.1%, which is a decrease from June 2013 at 8.7% and the declined housing market also appears to be rebounding since 2012. Sales tax revenues for the Authority increased by 4.75% in fiscal year 2013-14 from the prior year and sales tax revenue projections for fiscal year 2014-15 are estimated to be 5% higher than the prior year.

Long-term financial planning. The Authority adopted a Plan of Finance in 2006 that was intended to be a guiding document for the Authority's capital program through 2039. The three primary program components accounted for in the Plan of Finance include:

- STA Capital Program
- Other Jurisdictional Set-asides
- Formula/Other Measure A uses

In July 2012, the Authority issued \$53 million in tax revenue bonds at a fixed interest rate of 2.480997%. Interest payments occur semiannually beginning in October 2012, however, principal payments will not be due until 2016 which will range from \$3,450,000 in year 2016 to \$5,720,000 at maturity in 2027. This issue allows the Authority to expedite additional transportation projects funded under the "New Measure A" that was passed by voters in 2004. The Authority has pledged proceeds of New Measure A tax to repay the debt issue.

Other Information

An audit team from Macias Gini & O'Connell LLP has performed this year's audit. The independent auditor's unmodified opinion has been included in the Independent Auditor's Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sacramento Transportation Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the nineteenth straight year the Authority has received this award.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for their review.

We want to thank the members of the Sacramento Transportation Authority Governing Board for your interest and support in planning and conducting the financial operation of the Authority. The preparation of this report could not have been accomplished without your policy direction.

Respectfully Submitted,

Concur,



Lisa Valine
Accounting Manager



Brian A. Williams
Executive Director

SACRAMENTO TRANSPORTATION AUTHORITY

LIST OF PRINCIPAL OFFICIALS

June 30, 2014

BOARD MEMBERS

CURT CAMPION, City of Galt and Isleton
STEVE COHN, City of Sacramento
GARY DAVIS, City of Elk Grove
DARRELL FONG, City of Sacramento
SUE FROST, City of Citrus Heights
KERRI HOWELL, City of Folsom
PATRICK HUME, City of Elk Grove
ROBERTA MACGLASHAN, County of Sacramento
KEVIN MCCARTY, City of Sacramento
ROBERT J. MCGARVEY, City of Rancho Cordova
DON NOTTOLI, County of Sacramento
BONNIE PANNELL, City of Sacramento
SUSAN PETERS, County of Sacramento
JAY SCHENIRER, City of Sacramento
PHIL SERNA, County of Sacramento
JIMMIE YEE, County of Sacramento

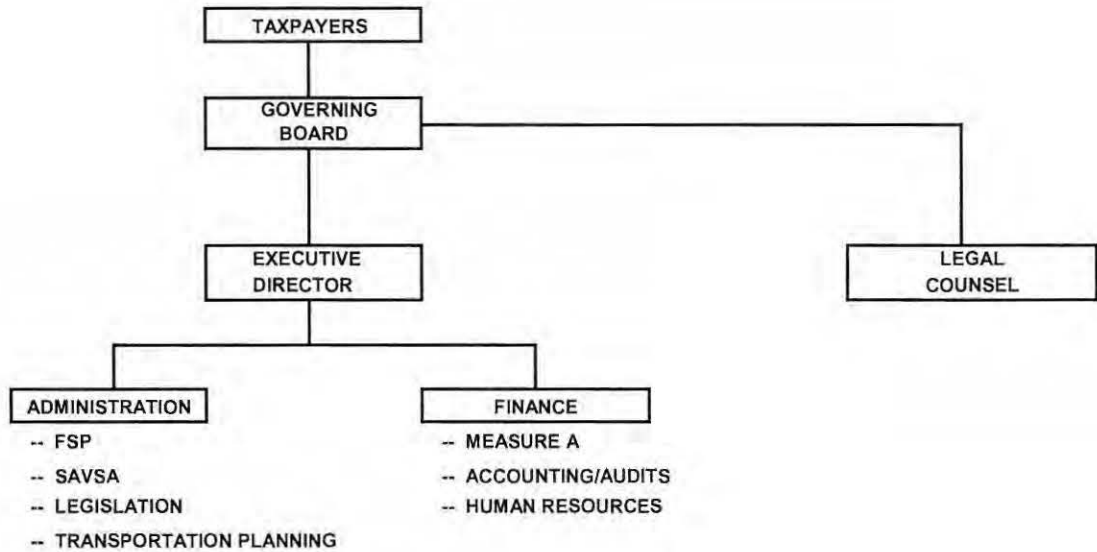
Alternates

ANGELIQUE ASHBY, City of Sacramento
NICK AVDIS, County of Sacramento
MARK CREWS, City of Galt and Isleton
STEVE HANSEN, City of Sacramento
KEVIN JOHNSON, City of Sacramento
STEVE MILLER, Citrus Heights
ANDY MORIN, City of Folsom
TERESA STANLEY, County of Sacramento
DONALD TERRY, Rancho Cordova
ROBERT TRIGG, City of Elk Grove
ALLEN WARREN, City of Sacramento

STAFF

BRIAN WILLIAMS, Executive Director
LISA VALINE, Accounting Manager
NORMAN HOM, Administrative Services Officer III
JENNIFER DOLL, Office Manager
BILL BURKE, General Counsel

Sacramento Transportation Authority
For the Year Ended June 30, 2014
Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Sacramento Transportation
Authority, California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

Certified Public Accountants.

Sacramento
2000 S Street, Suite 300
Sacramento, CA 95816
916 928 4600

Walnut Creek

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sacramento Transportation Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Transportation Authority (Authority) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, Combining Statement of Changes in Assets and Liabilities – All Agency Funds, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Changes in Assets and Liabilities – All Agency Funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Changes in Assets and Liabilities – All Agency Funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Sacramento, California

October 16, 2014

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Sacramento Transportation Authority

Management's Discussion and Analysis

As management of the Sacramento Transportation Authority (Authority), we present to the readers of these financial statements this narrative overview and analysis of the Authority for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through iii of this report.

Financial Highlights

- Actual Measure A sales tax revenues of \$100,448,637 for 2013/14 were short of original budgetary projections by \$466,270, a negative variance of .5%, however, actual Measure A revenues for 2013/14 did exceed the prior year by 4.75% (*using budgetary basis revenues*).
- Mitigation Fees for the 2013/14 year exceeded prior year by 11.5% which seems to confirm a modest increase in construction and housing.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial Statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net of the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements include not only the Authority itself, but also the Sacramento Abandoned Vehicle Service Authority (SAVSA). SAVSA, although legally separate from the Authority, functions for all practical

purposes as a department of the Authority and therefore has been included as an integral part of the Authority.

The government-wide financial statements can be found on pages 11 - 12 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, a special revenue fund for SAVSA, and a debt service fund.

The Authority adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for those funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13 – 18 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The basic fiduciary fund financial statement can be found on page 19 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 - 37 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets and deferred outflows of resources by \$288,831,950 at the close of the 2014 fiscal year.

SUMMARY OF NET POSITION
Governmental Activities

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Current and other assets	\$ 101,337,734	\$ 109,920,101	(\$ 8,582,367)
Deferred outflows of resources	<u>79,483,663</u>	<u>75,790,293</u>	<u>3,693,370</u>
Total assets and deferred outflows of resources	<u>180,821,397</u>	<u>185,710,394</u>	<u>(4,888,997)</u>
Long-term liabilities	461,065,953	458,129,305	2,936,648
Other liabilities	8,587,394	6,832,388	1,755,006
Total liabilities	<u>469,653,347</u>	<u>464,961,693</u>	<u>4,691,654</u>
Net position:			
Restricted	5,361,840	4,390,110	971,730
Unrestricted	<u>(294,193,790)</u>	<u>(283,641,409)</u>	<u>(10,552,381)</u>
Total net position	<u>(\$ 288,831,950)</u>	<u>(\$ 279,251,299)</u>	<u>(\$ 9,580,651)</u>

The decrease of \$8,582,367 in current and other assets in fiscal year 2013-14 is a direct result of the bond proceeds which are being spent down for reimbursement on capital project claims. Likewise, the increase of \$1,755,006 in other liabilities reflects the increase of capital project reimbursements submitted by the various jurisdictions, particularly in the 4th quarter of fiscal year 2013-14. The total net position decrease of \$9,580,651 is primarily explained by these two factors.

DETAIL OF DEFICIT NET POSITION

	<u>Authority</u>	<u>Recipients</u>	<u>Total</u>
Total assets and deferred outflows of resources	\$ 180,821,397	\$ -	\$ 180,821,397
Capitalized Assets	-	319,424,069	319,424,069
Total Liabilities	469,653,347	-	469,653,347
Total Net Position	<u>(\$ 288,831,950)</u>	<u>\$ 319,424,069</u>	<u>\$ 30,592,119</u>

Since the Authority issues bond debt to fund capital projects for other governments, the proceeds from those bonds create a deficit net position for the Authority. In turn, these improvements are shown as capitalized assets on the recipient government's financial statements since they are classified as capitalized assets for their purposes. The total reflects the substance of the combined transactions across entities. The debt and related deficit will be funded with future Measure A tax receipts.

SUMMARY OF CHANGE IN NET POSITION

	Governmental Activities		
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Freeway Service Patrol Abandoned Vehicle	\$ 2,122,523	\$ 1,914,759	\$ 207,764
Service Authority	1,172,833	1,130,254	42,579
Mitigation Fees	3,540,542	3,176,382	364,160
Total program revenues	<u>6,835,898</u>	<u>6,221,395</u>	614,503
General Revenues:			
Sales taxes	100,063,237	97,390,177	2,673,060
Interest and investment earnings and other	430,908	662,384	(231,476)
Total revenues	<u>107,330,043</u>	<u>104,273,956</u>	<u>3,056,087</u>
Expenses:			
Governmental activities:			
Measure A (ongoing and set asides)	80,236,470	76,397,880	3,838,590
Transportation mitigation	2,680,549		2,680,549
Freeway Service Patrol Abandoned Vehicle	2,164,149	1,765,562	398,587
Service Authority	1,125,637	1,089,746	35,891
Measure A (construction)	14,507,501	17,826,692	(3,319,191)
Interest on long-term debt	16,196,388	16,257,749	(61,361)
Total expenses	<u>116,910,694</u>	<u>113,337,629</u>	<u>3,573,065</u>
Decrease in net position	(9,580,651)	(9,063,678)	(516,974)
Net position - beginning	(279,251,299)	(268,086,525)	(11,164,773)
Change in accounting principle	-	(2,101,096)	2,101,096
Net position – ending after change	<u>(\$288,831,950)</u>	<u>(\$279,251,299)</u>	<u>(\$ 9,580,651)</u>

The decrease in net position reflects the Measure A construction costs that vests in ownership to recipient government entities. The increasing negative position is a direct result of the arrangement that the Authority has with the various jurisdictions in which it funds their capital projects with its bond proceeds. This deficit related to the debt will be funded over the long-term through sales tax receipts. Note 10 in the Notes to the Basic Financial Statements on page 37 provides a more detailed explanation. Measure A sales tax revenues were \$2,673,060 more in fiscal year 2013/14 than fiscal year 2012/13 due to the continued improvement of the economy, in turn, Measure A (on-going and set asides) distributions were \$3,838,590 more in fiscal year 2013/14 than fiscal year

2012/13 because of the higher sales taxes. Measure A (construction) expenses, including Transportation mitigation expenses, were a combined \$638,642 less than the prior year as the jurisdictions did not spend down the bond proceeds allocated for project claims as quickly as in the prior year due to timing issues associated with construction on several of the capital projects.

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund At the end of the current fiscal year, the Authority's general fund reported an ending fund balance of \$92,028,710, a decrease of \$10,059,987 in comparison with the prior year. This decrease is primarily due to the transfer out of \$16,660,053 for debt service and the Measure A expenditures of \$96,417,649 exceeding the sales tax revenues of \$100,063,237.

Special Revenue Fund At the end of the current fiscal year, the Sacramento Abandoned Vehicle Service Authority (SAVSA), which represents the Special Revenue Fund, reported an ending fund balance of \$107,455, an increase from the prior year of \$13,638. This modest increase is primarily due to the vehicle registration fee revenue of \$1,172,833 exceeding the payment of that revenue to the local jurisdictions of \$1,125,637 and the transfer out of \$33,956 for administration.

Debt Service Fund The ending fund balance on the Debt Service Fund in the 2013/14 year was \$4,125,528, which represents the amount available for the debt service on the 2009 and 2012 bond issues. Measure A sales tax revenues are initially wired to the Authority's trustee (U S Bank), who in turn, deducts all required debt service expenditures prior to forwarding the remaining balance to the Authority. The interfund transfers of \$16,660,053 between the General Fund and the Debt Service Fund represent the sales tax revenue needed to meet the \$16,880,820 of debt service expenditures on both the 2009 and the 2012 debt issuances. The difference between these two amounts is the primary reason fund balance decreased \$220,380 from the prior year.

General Fund Budgetary Highlights

There were no budget amendments during the year. The intergovernmental expenditures were less than anticipated due to decreases in construction activity and timing of projects in the various jurisdictions. A comparison of actual

revenues to budget in the 2013/14 year resulted in a negative variance due to a slight unanticipated downturn in sales tax revenue in the last quarter.

Debt Administration

During the 2009/10 year, the Authority issued \$318 million in bonds to accelerate New Measure A proceeds to participating jurisdictions for transportation projects and to refund the 2006 and 2007 sales tax revenue bonds. Since the proceeds from the 2009/10 issuance had been completely spent down by the 2012 year, the Authority issued \$53 million in fixed interest rate tax revenue bonds by July 2012 to continue to expedite Measure A transportation projects.

	<u>June 30, 2014</u>
2009 Series A	\$ 106,100,000
2009 Series B	106,100,000
2009 Series C	106,100,000
2012 Series	<u>53,355,000</u>
Total Outstanding Bonds	<u>\$ 371,655,000</u>

Additional information on the Authority's long-term debt can be found in Note 8 on pages 31 - 36 of this report.

Economic Factors and Next Year's Budget

Although the economic recovery has been quite slow in last few years, the housing market has begun to rebound and the unemployment rate in the 2013/14 year has decreased by 1.6% from the prior year. Sales tax revenue has increased in the last several years, resulting in a 4.47% increase in the 2012/13 year and an increase of 4.75% in the 2013/14 year. Accordingly, an increase of 5% is projected for sales tax revenue in the 2014/15 year (per budgetary basis).

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Sacramento Transportation Authority, 431 I Street, Suite 106, Sacramento, CA 95814.

BASIC
FINANCIAL STATEMENTS

SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Cash and investments	\$ 16,757,477
Receivables:	
Interest	14,324
Due from other governments	18,403,968
Prepaid items	10,027
Restricted cash and investments	66,151,938
Total assets	101,337,734
DEFERRED OUTFLOWS OF RESOURCES	
Fair value of hedging derivatives (long-term interest rates)	79,483,663
LIABILITIES	
Accounts payable and other current liabilities	4,663,747
Deposits	412,294
Interest payable	3,511,353
Long-term liabilities:	
Due in more than one year	461,065,953
Total liabilities	469,653,347
NET POSITION	
Restricted for transportation mitigation	5,254,385
Restricted for abandoned vehicles	107,455
Unrestricted	(294,193,790)
Total net position	\$ (288,831,950)

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) and Revenue Governmental Activities
Governmental Activities:			
Measure A (ongoing and set aside)	\$ 80,236,470	\$ -	\$ (80,236,470)
Transportation mitigation	2,680,549	3,540,542	859,993
Freeway Service Patrol	2,164,149	2,122,523	(41,626)
Abandoned Vehicle Service Authority	1,125,637	1,172,833	47,196
Measure A (construction)	14,507,501		(14,507,501)
Interest on long-term debt	16,196,388		(16,196,388)
Total governmental activities	<u>\$ 116,910,694</u>	<u>\$ 6,835,898</u>	<u>(110,074,796)</u>
General revenues:			
Sales taxes			100,063,237
Interest, investment earnings and other			430,908
Total general revenues			<u>100,494,145</u>
Change in net position			(9,580,651)
Net position - beginning			<u>(279,251,299)</u>
Net position - ending			<u>\$ (288,831,950)</u>

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS:				
Cash and investments	\$ 16,288,922	\$ 468,555	\$ -	\$ 16,757,477
Prepaid items	10,027			10,027
Receivables:				
Interest	13,926	398		14,324
Due from other governments	18,091,294	312,674		18,403,968
Restricted cash and investments	62,014,056		4,137,882	66,151,938
TOTAL ASSETS	\$ 96,418,225	\$ 781,627	\$ 4,137,882	\$ 101,337,734
 LIABILITIES and FUND BALANCES				
LIABILITIES:				
Accounts payable and other accrued liabilities	\$ 191,123	\$ -	\$ 12,354	\$ 203,477
Due to other governments	4,198,392	261,878		4,460,270
Deposits		412,294		412,294
Total liabilities	4,389,515	674,172	12,354	5,076,041
 FUND BALANCES:				
Nonspendable:				
Prepaid items	10,027			10,027
Restricted:				
New Measure A projects	62,014,056			62,014,056
Transportation mitigation	5,254,385			5,254,385
Other transportation projects	24,322,812			24,322,812
Debt service			4,125,528	4,125,528
Abandoned vehicles		107,455		107,455
Unassigned:				
General administration	427,430			427,430
Total fund balances	92,028,710	107,455	4,125,528	96,261,693
TOTAL LIABILITIES AND FUND BALANCES	\$ 96,418,225	\$ 781,627	\$ 4,137,882	\$ 101,337,734

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Ending Fund Balances per governmental fund balance sheet (page 13)		\$ 96,261,693
Amounts reported for the governmental activities in the statement of net position are different because:		
Long-term debt, including premium and hedging derivatives, are not due and payable in the current period and therefore are not reported in the funds.		
Sales tax bonds outstanding	\$(371,655,000)	
Unamortized bond premium	(9,878,926)	
Fair value of interest rate swap	(79,483,663)	
Deferred outflow of resources	<u>79,483,663</u>	(381,533,926)
Interest payable is not due and payable in the current period and therefore is not reported in the funds.		
		(3,511,353)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(48,364)</u>
Net position of governmental activities (page 11)		<u>\$ (288,831,950)</u>

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General	Special Revenue	Debt Service	Totals Governmental Fund
REVENUES:				
Taxes	\$ 100,063,237	\$ -	\$ -	\$ 100,063,237
Mitigation fees	3,540,542			3,540,542
Vehicle registration fees		1,172,833		1,172,833
State grant - freeway service	1,179,459			1,179,459
FSP / State / SHOPP	196,064			196,064
SAFE funds	747,000			747,000
Use of money and property - interest	429,411	398	387	430,196
Miscellaneous	712			712
Total revenues	<u>106,156,425</u>	<u>1,173,231</u>	<u>387</u>	<u>107,330,043</u>
EXPENDITURES:				
General government:				
Administrative	1,008,517			1,008,517
Freeway Service Patrol	2,164,149			2,164,149
Intergovernmental	96,417,649	1,125,637		97,543,286
Debt Service:				
Interest and other charges			16,880,820	16,880,820
Total expenditures	<u>99,590,315</u>	<u>1,125,637</u>	<u>16,880,820</u>	<u>117,596,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,566,110</u>	<u>47,594</u>	<u>(16,880,433)</u>	<u>(10,266,729)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	33,956		16,660,053	16,694,009
Transfers out	(16,660,053)	(33,956)		(16,694,009)
Total other financing sources (uses)	<u>(16,626,097)</u>	<u>(33,956)</u>	<u>16,660,053</u>	<u>-</u>
CHANGES IN FUND BALANCES	(10,059,987)	13,638	(220,380)	(10,266,729)
FUND BALANCES, JULY 1, 2013	<u>102,088,697</u>	<u>93,817</u>	<u>4,345,908</u>	<u>106,528,422</u>
FUND BALANCES, JUNE 30, 2014	<u>\$ 92,028,710</u>	<u>\$ 107,455</u>	<u>\$ 4,125,528</u>	<u>\$ 96,261,693</u>

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Changes in fund balances - total governmental funds (page 15)	\$ (10,266,729)
Amounts reported for governmental activities in the statement of activities are different because:	
Changes not reported in government funds:	
Interest payable	(70,645)
Change in compensated absences	1,646
Bond premium amortization	755,077
	755,077
Change in Net Position of governmental activities (page 12)	\$ (9,580,651)

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget
REVENUES:				
Taxes	\$ 100,914,907	\$ 100,914,907	100,448,637	\$ (466,270)
Mitigation Fees	3,300,000	3,300,000	3,540,542	240,542
State grant - freeway service	1,168,729	1,168,729	1,179,459	10,730
FSP / State / SHOPP			196,064	196,064
SAFE funds	747,000	747,000	747,000	
Use of money and property - interest	600,000	600,000	429,411	(170,589)
Miscellaneous			712	712
Total revenues	<u>106,730,636</u>	<u>106,730,636</u>	<u>106,541,825</u>	<u>(188,811)</u>
EXPENDITURES:				
General government:				
Administrative	1,275,490	1,275,490	1,008,517	266,973
Freeway Service Patrol	2,023,917	2,023,917	2,164,149	(140,232)
Intergovernmental	105,359,849	105,359,849	96,417,649	8,942,200
Total expenditures	<u>108,659,256</u>	<u>108,659,256</u>	<u>99,590,315</u>	<u>9,068,941</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,928,620)</u>	<u>(1,928,620)</u>	<u>6,951,510</u>	<u>8,880,130</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	34,000	34,000	33,956	(44)
Transfers out	(16,620,000)	(16,620,000)	(16,660,053)	(40,053)
Total other financing sources (uses)	<u>(16,586,000)</u>	<u>(16,586,000)</u>	<u>(16,626,097)</u>	<u>(40,097)</u>
Changes in fund balance (budgetary basis)	<u>(18,514,620)</u>	<u>(18,514,620)</u>	<u>(9,674,587)</u>	<u>8,840,033</u>
BUDGETARY FUND BALANCE, JULY 1, 2013, as restated	<u>80,822,998</u>	<u>80,822,998</u>	<u>85,063,597</u>	<u>4,240,599</u>
BUDGETARY FUND BALANCE, JUNE 30, 2014	<u>\$ 62,308,378</u>	<u>\$ 62,308,378</u>	<u>75,389,010</u>	<u>\$ 13,080,632</u>
Taxes accrual - 6/30/14			<u>16,639,700</u>	
Ending fund balance - GAAP basis			<u>\$ 92,028,710</u>	

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget
REVENUES:				
Vehicle registration fees	\$ 1,100,000	\$ 1,100,000	\$ 1,159,638	\$ 59,638
Use of money and property - interest	1,000	1,000	398	(602)
Total revenues	<u>1,101,000</u>	<u>1,101,000</u>	<u>1,160,036</u>	<u>59,036</u>
EXPENDITURES:				
General government:				
Intergovernmental	1,101,000	1,101,000	1,125,637	(24,637)
Total expenditures	<u>1,101,000</u>	<u>1,101,000</u>	<u>1,125,637</u>	<u>(24,637)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	34,399	34,399
OTHER FINANCING USES:				
Transfers out	(34,000)	(34,000)	(33,956)	44
Total other financing uses	<u>(34,000)</u>	<u>(34,000)</u>	<u>(33,956)</u>	<u>44</u>
Changes in fund balance (budgetary basis)	(34,000)	(34,000)	443	34,443
BUDGETARY FUND BALANCE, JULY 1, 2013, as restated	<u>73,092</u>	<u>73,092</u>	<u>(205,662)</u>	<u>(278,754)</u>
BUDGETARY FUND BALANCE, JUNE 30, 2014	<u>\$ 39,092</u>	<u>\$ 39,092</u>	<u>(205,219)</u>	<u>\$ (244,311)</u>
Vehicle registration fees accrual - 6/30/14			<u>312,674</u>	
Ending fund balance - GAAP basis			<u>\$ 107,455</u>	

The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2014**

ASSETS:	
Cash and investments	\$ 33,218,251
Interest receivable	23,278
Total assets	<u>33,241,529</u>
LIABILITIES:	
Accounts payable	338,966
Deposits	32,902,563
Total liabilities	<u>33,241,529</u>
NET POSITION	<u><u>\$ -</u></u>

The notes to the basic financial statements are an integral part of this statement.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sacramento Transportation Authority (Authority), which include the Authority and the Sacramento Abandoned Vehicle Service Authority (SAVSA), have been prepared in conformity with the United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting requirements. The more significant of the Authority's accounting policies are described below.

ORGANIZATION

The Authority was established under the Local Transportation and Improvement Act, Public Utilities Code Division 19, during the 1988-89 fiscal year. The voters of Sacramento County (the County) passed an ordinance (Measure A) enacted by the Authority imposing a retail transactions and use tax (sales tax) increase throughout the County at a maximum rate of one half of one percent (1/2 of 1%) for a period of 20 years. In 2004, the taxpayers approved a 30 year extension of the tax beginning in fiscal year 2009 (New Measure A).

SAVSA, a separate legal entity, was established under California Vehicle Code Section 22710, during the 1991-92 fiscal year. The code establishes a \$1 vehicle registration fee to be used for the abatement of abandoned vehicles for counties electing to impose the fee. The County Board of Supervisors, by a two-thirds vote, and the City Councils of a majority of the cities within the County having a majority of the incorporated population, adopted resolutions providing for the establishment of SAVSA.

The Authority and SAVSA are governed by a sixteen member Board of Directors made up of five members representing the County, five members representing the City of Sacramento, two members representing the City of Elk Grove, one member each from the Cities of Folsom, Citrus Heights, Rancho Cordova, and one member representing the Cities of Isleton and Galt. The Authority distributes sales tax proceeds to the County of Sacramento, the Cities of Sacramento, Folsom, Galt, Isleton, Citrus Heights, Rancho Cordova, and Elk Grove, the Sacramento Regional Transit District, Paratransit, Inc., and the Sacramento Metropolitan Air Quality Management District according to the Measure A Ordinance.

The distribution of Measure A funds is prescribed in the ballot measure approved by the voters with the extension of Measure A. Per Ordinance No. STA 04-01, revenues are allocated as follows: 43% for local streets and roads, 38.25% for Sacramento Regional Transit, 12% for local interchange upgrades, safety projects, and congestion relief improvements on the local freeway system, including bus and carpool lane projects, 4.5% for senior and disabled transportation services, 1.50% for transportation-related air quality programs, and .75% for program administration. The sales tax is complemented by the Sacramento County Transportation Mitigation Fee Program. Fee revenues are also allocated to capital projects.

New Measure A Capital Projects are being funded via debt proceeds based on a Board adopted Plan of Finance.

SAVSA distributes the \$1 vehicle registration fees collected to the County, and the Cities of Sacramento, Galt, Isleton, Folsom, Elk Grove, and Citrus Heights based upon the Sacramento Abandoned Vehicle Abatement Plan.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

FINANCIAL REPORTING ENTITY

For financial reporting purposes, in conformance with the pronouncements of the Government Accounting Standards Board (GASB) and the United States generally accepted accounting principles (GAAP), the Authority includes all funds, agencies, boards, commissions and authorities that are financially accountable to the Authority's Governing Board. Such financial accountability is determined on the basis of budget adoption, taxing authority, imposition of will, funding, and appointment of governing boards. Based on these criteria, since the Authority Governing Board is also the Governing Board of SAVSA and the management of the Authority has operational responsibility for SAVSA, SAVSA is considered a component unit of the Authority. SAVSA is presented using the blending method and is represented in the Authority's Special Revenue Fund. Component unit financial statements for SAVSA are not separately issued.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The transportation mitigation expenses presented in the Statement of Activities represents reimbursements of Measure A (construction) claims with mitigation fees. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund statements. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this concept, sources and uses of financial resources, including capital outlays, loan proceeds and debt retirement are reflected in operations. Revenues are recognized in the accounting period in which they become measurable and available.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Authority considers revenues to be available if they are collectible within 60 days of the end of the current fiscal year. All of the Authority's revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures are recorded when a liability has been incurred, as under accrual accounting.

The Authority reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required or designated by the Board to be accounted for in another fund.

Special Revenue Fund – The Authority has one Special Revenue Fund. The Special Revenue Fund is the operating fund of SAVSA. It is used to account for all the financial resources of SAVSA.

Debt Service Fund – The fund accounts for the debt service associated with the 2009 and 2012 bond issues.

Additionally, the Authority reports the following fund types:

Fiduciary Funds:

Measure A Agency Funds - These funds are used to account for assets held by the Authority as an agent for other organizations and governmental units.

The Authority holds the construction allocations for the Cities of Folsom, Rancho Cordova, Galt, Isleton, Citrus Heights, Elk Grove, and Sacramento, the Sacramento Regional Transit District, and the County of Sacramento. The monies are disbursed to each entity when the entity requests reimbursement of expenditures made on projects authorized by the Authority. The amount of unexpended "Original" Measure A revenue along with the allocated interest is recorded in the Measure A Agency Funds.

In addition, two fiduciary funds were approved by the Board in the 2009-10 year as future set asides from Measure A sales tax revenue. The Neighborhood Shuttle set aside will promote the development or expansion of shuttle routes in residential and commercial areas that have infrequent or no transit service. The Consolidated Transportation Services Agency (CTSA) set aside will be used to support the provision of Elderly and Handicapped Transportation (EHT) services in the urbanized portion of Sacramento County. The CTSA set aside funds will remain unspent until 2030.

Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs, and therefore, the agency funds have no measurement focus.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

BUDGETARY PRINCIPLES

As required by the laws of the Public Utilities Code of the State of California, the Authority prepares and legally adopts a final operating budget each fiscal year. Operating budgets are adopted for the Governmental Fund Types on the modified accrual basis of accounting, except that the budget for the General Fund does not include accrued sales tax and the budget for the Special Revenue Fund does not include accrued vehicle registration fees. Budgetary control and the legal level of control are at the program level which classifies expenditures by program; i.e., administration, and freeway service patrol. Significant amendments, appropriation transfers between programs and transfers from contingencies must be approved by the Authority's Governing Board. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. During any fiscal year certain budget amendments may be approved by the Governing Board.

The Authority is subject to an annual appropriations limit, Article XIII B of the State Constitution. Under the terms of the Article, the State and each of its local government units may appropriate no more than it appropriated the year before being adjusted for changes in the cost of living and population. The limitation applies to appropriations of specified "proceeds of taxes" revenue and may be changed in certain circumstances or by a vote of the electorate. The Authority's budget is in compliance with the provisions of Article XIII B.

CASH AND INVESTMENTS

The Authority's cash, except for small amounts on hand and an imprest checking account, is deposited in the pooled account of the County of Sacramento and in the State of California's Local Agency Investment Fund. Cash surpluses in these accounts are invested and investment earnings are allocated to the Authority's funds on the basis of average daily cash balances. All investments are reported at fair value with changes in fair value reported in the statement of revenues, expenditures, and changes in fund balance. Bond proceeds are deposited with California Asset Management Program (CAMP).

CAPITAL ASSETS

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. It is the Authority's policy to capitalize furniture and equipment exceeding \$5,000. The Authority has no capital assets that exceed the capitalization threshold.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

The Authority compensates employees upon termination for unused vacation pay, up to a maximum of 400 hours. Accumulated sick leave is not paid upon termination.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is recorded in the government funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is used to liquidate compensated absences.

LONG-TERM DEBT

In the government-wide financial statements, long-term debt is recorded as a liability in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts incurred during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

INTERFUND TRANSACTIONS

Transactions between funds during the year consisted of operating transfers between the general fund and the special revenue and debt service funds.

FUND BALANCE CLASSIFICATION

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

FUND BALANCE CLASSIFICATION (Continued)

The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Authority has classified funds for New Measure A projects, transportation mitigation, and other transportation projects as being restricted because their use is restricted by local ordinance for transportation-related expenditures. Debt service resources are to be used for future servicing of the bonds and are therefore restricted by debt covenants. The Authority has restricted funds for the Abandoned Vehicles program that are to be used for the operating expenditures of the various jurisdictions.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority's Board. These amounts cannot be used for any other purpose unless the Authority's Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The Authority had no fund balances subject to committed constraints as of June 30, 2014.
- **Assigned:** This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose, but are neither restricted nor committed. This intent can be expressed by the Authority's Board or, as authorized by the Board, by its Executive Director. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Authority had no fund balances subject to assigned constraints as of June 30, 2014.
- **Unassigned:** This classification includes any residual fund balance for the General Fund which includes unassigned funds remaining for the use of general administrative expenditures of the Authority.

The Authority would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

INSURANCE

The Authority's employees are covered by commercial worker's compensation insurance. In addition, the Authority purchases commercial insurance for general liability claims. At June 30,

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

2014, there were no claims outstanding. There were no reductions in coverage during the year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 2 – CASH AND INVESTMENTS

The Authority's cash and investments are carried at fair value and are included within the County of Sacramento Treasury Pool (County Pool) and the State of California's Local Agency Investment Fund (LAIF). Restricted cash is restricted for the repayment of principal and interest on the related outstanding debt and New Measure A projects that are advanced from the outstanding debt issue. Restricted cash is invested in the California Asset Management Program (CAMP) and money market mutual funds. The fair value of the position in the County Pool is 100% of the pool shares, the fair value of the position in LAIF is 100% of the pool shares, and the fair value of the position in CAMP is 100% of the pool shares.

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Governmental activities:	
Cash and investments	\$ 16,757,477
Restricted cash and investments	66,151,938
Agency funds:	
Cash and investments	33,218,251
Total cash and investments	\$ 116,127,666

As of June 30, 2014, the Authority's cash and investments consisted of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	18,926
Total cash and deposits	19,926
County Pool	28,255,802
LAIF	21,700,000
Money market mutual funds	4,137,882
CAMP	62,014,056
Total investments	116,107,740
Total cash and investments	\$ 116,127,666

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Authority did not directly or indirectly enter into any derivative investments related to its cash and investments. The Authority's total investment in LAIF at June 30, 2014 is \$21,700,000. The total amount invested by all public agencies in LAIF at June 30, 2014, was \$64,846,169,129 which is managed by the Treasurer for the State of California. Of that amount, 1.86% is invested in asset-backed securities and structured financial instruments. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designed by state statute. The County Pool and CAMP are 100% invested in non-derivative financial products. The government security fund that is held by the trustee is not rated.

Investment in CAMP: CAMP was created under the provisions of the California Joint Exercise of Powers Act to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. CAMP is governed by a board of seven trustees, all of whom are officials or employees of public agencies. The money market portfolio offers daily liquidity and is rated AAAM by Standard and Poor. To maintain the AAAM rating, the portfolio's weighted average maturity may not exceed 70 days.

Investment policy: California statutes authorize public agencies to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, and Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the Authority rather than the general provisions of the California Government Code or the Authority's investment policy. During the year ended June 30, 2014, the Authority's permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % or Amount of the Portfolio</u>
US Treasury Bonds/Notes/Bills	5 years	100%
Bonds issued by local agencies	5 years	80%
Registered State Warrants and Municipal Notes	5 years	80%
Bankers Acceptances	180 days	40%
Commercial Paper	270 days	40%
Negotiable Certificate of Deposit	180 days	30%
CRA Bank Deposit/Certificate of Deposit	1 year	30%
Repurchase Agreements	1 year	30%
Reverse Repurchase Agreement	92 days	20%
Medium Term Corporate Notes	180 days	30%
Shares of Money Market Mutual Fund	90 days	20%
Collateralized Mortgage Obligations	180 days	20%
California Asset Management Program (CAMP)	none	none
County Pool	none	none
LAIF	none	none

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustees are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the Authority's investment policy. The 2009 and 2012 Sales Tax Revenue Bonds debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

Authorized Investment Type	Maximum Security	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds or Obligations	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	270 days	None	None
Money Market Fund	None	None	None
Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Mutual Funds	N/A	None	None
LAIF	N/A	None	None

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2014, the weighted average maturity of the investments contained in LAIF, the County Pool, CAMP, and mutual money market funds is approximately 247, 293, 41, and 51 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Neither LAIF nor the County Pool has a rating provided by a nationally recognized statistical rating organization. The money market mutual fund is rated AAAM by Standard and Poor.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Authority's deposits were covered by federal depository insurance at June 30, 2014.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - RECONCILIATION OF THE MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS OF ACCOUNTING

The reconciliation of General Fund excess of revenues over expenditures to the budgetary basis of accounting is as follows:

	Modified Accrual Basis	Reversal of Prior Year Accrual	Current Year Accrual	Budgetary Basis
Revenues	\$ 106,156,425	\$17,025,100	(\$16,639,700)	\$106,541,825
Expenditures	99,590,315	-	-	99,590,315
Excess of revenues over expenditures	\$ 6,566,110	\$17,025,100	(\$16,639,700)	\$ 6,951,510

The reconciliation of SAVSA Fund excess of revenues over expenditures to the budgetary basis of accounting is as follows:

	Modified Accrual Basis	Reversal of Prior Year Accrual	Current Year Accrual	Budgetary Basis
Revenues	\$ 1,173,231	\$299,479	(\$312,674)	\$ 1,160,036
Expenditures	1,125,637	-	-	1,125,637
Excess of revenues over expenditures	\$ 47,594	\$299,479	(\$312,674)	\$ 34,399

NOTE 4 - PENSION PLAN

Pension plan description - The Authority contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating entities within the State of California. CalPERS requires agencies with less than 100 active members in the plan to participate in the risk pool. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for CalPERS. A copy of that report may be obtained by writing to CalPERS, Central Supply, P.O. Box 942715, Sacramento, CA 94229-2715.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – PENSION PLAN (continued)

Funding Policy - Employees are required to contribute 8% of covered salary to CalPERS. The Authority is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ended June 30, 2014, the employer contribution rate was 19.303%. The Authority, as part of its compensation to employees, pays 7% of the employees' contributions in addition to its own.

Annual Pension Cost - The Authority's annual pension costs for the years ended June 30, 2014, 2013, and 2012 were \$92,960, \$93,859, and \$89,722, respectively, which are equal to the required and actual contributions for each year. The required contribution for the year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases depending on age, service and type of employment of 3.30% to 14.20%, (c) inflation of 2.75%, (d) payroll growth of 3.00%, and (e) individual salary growth varying by duration of employment coupled with an assumed inflation growth of 2.75% and an annual production growth of 0.25%. The actuarial value of CalPERS assets was determined using the techniques that smooth the effects of short-term volatility in the market value of the investments over a 15-year period (smoothed market value).

NOTE 5 – DEFERRED COMPENSATION PLAN

The Authority offers its regular employees a deferred compensation plan under the provisions of Internal Revenue Code (IRC) Section 457. The plan permits these employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

The Authority has established a separate independent trust which is administered outside the Authority to hold the assets and earnings of its deferred compensation plans for the exclusive benefit of the participants that are not included in the Authority's financial statements.

NOTE 6 - OPERATING LEASES

The Authority leases certain premises under operating leases through September 30, 2017, at which time the lease expires. Rental expense for the year ended June 30, 2014 was \$51,094.

Future minimum lease payments under operating leases as of June 30, 2014 are as follows:

Fiscal Year Ending June 30	Amount
2015	\$ 52,285
2016	58,347
2017	59,646
Thereafter	14,939
Total	\$ 185,217

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – INTERFUND TRANSACTIONS

Interfund transfers are used to (1) reimburse the General Fund for services to and payments on behalf of the Special Revenue Fund in the amount of \$33,956, and (2) repay interest per the debt agreement in the amount of \$16,660,053.

NOTE 8 – LONG-TERM LIABILITIES

The activity of the Authority's long-term liabilities during the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Series 2009A Bonds	\$106,100,000	\$ -	\$ -	\$ 106,100,000
Series 2009B Bonds	106,100,000	-	-	106,100,000
Series 2009C Bonds	106,100,000	-	-	106,100,000
2009 Series Bonds	318,300,000	-	-	318,300,000
Fair Value (Loss) of Interest Rate Swap (2009 Series Bonds)	75,790,293	3,693,370	-	79,483,663
2012 Series Bonds	53,355,000	-	-	53,355,000
Unamortized Bond Premium (2012 Series Bonds)	10,634,003	-	755,077	9,878,926
Compensated absences	50,010	-	1,646	48,364
Total Long-term liabilities	<u>\$458,129,306</u>	<u>\$ 3,693,370</u>	<u>\$ 756,723</u>	<u>\$ 461,065,953</u>

Compensated absences are classified as long-term since employees normally take vacation benefits as they are earned, therefore, no amounts are considered to be due within one year.

In 2009, the Authority issued Measure A Sales Tax Revenue Bonds (Limited Tax Bonds) in the amount of \$318,300,000 of which \$182,320,000 of the proceeds were used to refund the 2006 and 2007 Bonds and the remaining balance will allow the Authority to expedite additional transportation projects under "New Measure A." The variable interest rates of the Bonds are fixed through an interest-rate swap. The fixed interest rates range from 3.666% to 3.736%. Principal payments range from \$22,300,000 which begins in the year 2029 to \$35,400,000 at maturity in the year 2039. No amounts are due within one year.

SACRAMENTO TRANSPORTATION AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Since the 2009 bond proceeds were completely spent down for “New Measure A” transportation projects by the 2012 year, the Authority again issued Measure A Sales Tax Revenue Bonds (Limited Tax Bonds) in the amount of \$53,355,000 at a fixed interest rate of 2.480997% in July 2012. Interest payments occur semiannually and principal payments do not occur until 2016 which will range from \$3,450,000 in year 2016 to \$5,720,000 at maturity in 2027. This bond issuance enabled the Authority to continue to expedite current “New Measure A” capital transportation projects. The 2012 bond issuance agreement did not include an interest rate swap as in the case of the 2009 bond issuance and no amounts are due within one year.

Long-term debt consists of the following at:

June 30 2014

<p><u>2009 Series A Bonds:</u> In October 2009, the Authority issued variable rate Sales Tax Revenue Bonds in the amount of \$106,100,000. The Bonds will be used to finance the cost of certain transportation projects approved by the voters in 2004. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.736% to Goldman Sachs Capital Markets, and in turn, receives a variable interest rate based on 67 percent of the one month London Interbank Offered Rate (LIBOR) which is reset on a weekly basis. In addition, the Authority pays ancillary fees consisting of liquidity facility fees at a rate of 0.55% and remarketing fees of 0.10%. Under the Indenture Agreement between the Authority and the Trustee (U S Bank), the Authority pledges future sales tax revenue as repayment for the 2009A Bonds. The 2009A Bonds mature on October 1, 2038.</p>	<p>\$106,100,000</p>
<p><u>2009 Series B Bonds:</u> In October 2009, the Authority issued variable rate Sales Tax Revenue Bonds in the amount of \$106,100,000. The Bonds will be used to finance the cost of certain transportation projects approved by the voters in 2004. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.666% to JP Morgan Chase Bank N. A, and in turn, receives a variable interest rate based on 67 percent of three month London Interbank Offered Rate (LIBOR) which is reset on a weekly basis. In addition, the Authority pays ancillary fees consisting of liquidity facility fees at a rate of 0.78% and remarketing fees of 0.10%. Under the Indenture Agreement between the Authority and the Trustee (U S Bank), the Authority pledges future sales tax revenue as repayment for the 2009B Bonds. The 2009B Bonds mature on October 1, 2038.</p>	<p>\$106,100,000</p>
<p><u>2009 Series C Bonds:</u> In October 2009, the Authority issued variable rate Sales Tax Revenue Bonds in the amount of \$106,100,000. The Bonds will be used to finance the cost of certain transportation projects approved by the voters in 2004. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.736% to Bank of America N.A., and in turn, receives a variable interest rate based on 67 percent of three month London Interbank Offered Rate (LIBOR) which is reset on a weekly basis. In addition, the Authority pays ancillary fees consisting of liquidity facility fees at a rate of 0.34% and remarketing fees of 0.10%. Under the Indenture Agreement between the Authority and the Trustee (U S Bank), the Authority pledges future sales tax revenue as repayment for the 2009C Bonds. The 2009C Bonds mature on October 1, 2038.</p>	<p>\$106,100,000</p>

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM LIABILITIES (Continued)

2012 Series Bonds: In July 2012, the Authority issued fixed rate Sales Tax Bonds in the amount of \$53,355,000. The bond proceeds will be used to finance the cost of certain transportation projects approved by the voters in 2004. Interest payments are due semi-annually on April 1 and October 1, beginning in October 2012. The average coupon interest rate is 2.480997%. Principal payments on the 2012 Series Bonds will begin in 2016 at \$3,450,000 to \$5,720,000 at maturity in 2027. The Authority pledges future sales tax revenue as repayment for the 2012 Series Bonds. \$53,355,000

The Measure A one-half percent sales tax revenues approved by the electorate in 2004 are pledged for principal and interest payments. The 2006 and 2007 Series Bonds were repaid with proceeds from the 2009 Series bond issuance of \$318 million which allowed the Authority to expedite additional transportation projects under "New Measure A". Once the 2009 bond proceeds were completely spent down, the Authority issued the 2012 Series Bonds in order to continue to expedite the transportation projects which had been funded under the 2009 Series Bonds. The Authority has pledged future sales tax proceeds from the incremental tax which are projected to cover 100% of the debt service requirements over the life of the bonds. The total principal and interest remaining on both the 2009 and 2012 bonds is \$684,099,083, payable through October 1, 2038 and October 1, 2027, respectively. For the current year, the interest paid and total incremental sales tax revenues were \$16,880,820 and \$100,063,237, respectively. The 2009 Series bonds were issued at par, and therefore, no premium/discount is shown for the 2009 Series bonds. The 2012 Bonds were issued at a premium of \$11,326,155, which is amortized over the life of the fifteen year bonds that mature on October 1, 2027.

As of June 30, 2014, the future annual debt service requirements and net payments on associated hedging derivative instruments on the Authority's 2009 Series Bond obligations are detailed in the schedule below. These amounts assume that current interest rates on variable rate bonds will remain the same for their term. As these rates vary, interest payments on variable rate bonds and net payments on the hedging derivatives will vary. Included in the schedule are the future principal and fixed interest obligations on the 2012 Series Bonds.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Fiscal Year Ending June 30,	Principal (1)	Estimated Bond Interest (2)	Hedging Derivatives, Net (3)	Ancillary Fees (4)	Total
2014	\$ -	\$ 2,642,565	\$ 11,412,828	\$ 2,270,577	\$ 16,325,969
2015	-	2,642,565	11,412,828	2,178,371	16,233,763
2016	-	2,642,565	11,412,828	2,184,122	16,239,514
2017	3,450,000	2,573,565	11,412,828	2,177,716	19,614,108
2018	3,590,000	2,432,765	11,412,828	2,178,371	19,613,963
2019 - 2023	20,370,000	9,753,024	57,064,138	10,896,951	98,084,112
2024 - 2028	25,945,000	4,182,449	57,064,138	10,902,702	98,094,288
2029 - 2033	126,200,000	655,948	46,207,071	8,824,755	181,887,774
2034 - 2039	192,100,000	305,120	21,493,621	4,106,850	218,005,592
Total	<u>\$ 371,655,000</u>	<u>\$ 27,830,564</u>	<u>\$ 238,893,105</u>	<u>\$ 45,720,414</u>	<u>\$ 684,099,083</u>

- (1) Reflects principal amortization of the 2009 and 2012 bonds.
- (2) Based on average of Bond Rates for FY 2014 on all three 2009 series (.0509%). Based on average fixed interest rate of 2.480997% on the 2012 series.
- (3) Based on average fixed swap rate for the three swaps (3.7127%), less average receipts on the three floating legs for FY 2014 (.1271%); total rate = 3.5856% on the 2009 series only as the 2012 bonds do not include an interest rate swap.
- (4) Based on FY 2014 average liquidity rates of .59%, plus remarketing fees of 0.10% for FY 2014; total = 0.69% on the 2009 series only. Average liquidity rates are 0.57% and remarketing fees are 0.10% after FY 2014; total = 0.67%

Interest Rate Swaps Effective Date of October 1, 2009

Objective of the interest rate swaps. On October 18, 2006, the Sacramento Transportation Authority (the "Authority") entered into three forward interest rate swaps for \$106,100,000 each in order to hedge the interest rate risk associated with the Sacramento Transportation Authority Sales Tax Revenue Bonds, Series 2009 (the "Bonds"), that were issued on October 1, 2009, and whose initial interest rate is variable.

Terms. The initial notional amounts of the swaps are \$106,100,000 each. Under two of the swaps, the Authority pays the counterparty a fixed payment of 3.7360% and receives a variable payment based on 67% of the one month London Interbank Offered Rate (LIBOR). Under the third swap, the Authority pays the counterparty a fixed payment of 3.666 percent and receives a variable payment based on 67% of the three month London Interbank Offered Rate (LIBOR). The notional amounts and maturity dates of the swaps match the principal amounts and the maturity dates of the bonds that were issued on October 1, 2009 and mature on October 1, 2038. The variable-rate coupons of the hedged bonds closely match the SIFMA and percentage of LIBOR rates paid monthly.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Fair value. Because long-term interest rates have decreased since execution of the swaps, the swaps had a total negative fair value of \$79,483,663 as of June 30, 2014. The Bank of America swap had a negative fair value of \$27,196,304, the Goldman Sachs Capital Markets swap had a negative fair value of \$27,197,456, and the JPMorgan Chase Financial Products swap had a negative fair value of \$25,089,903. The fair values were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2014. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps. The fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps. As of June 30, 2014, the negative fair value of these swaps was \$79,483,663, and is reported as a deferred outflow of resources.

Credit risk. This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2014, the Authority was not exposed to credit risk on these swaps because the fair values were negative. However, should interest rates change and the fair values of the swaps become positive, the Authority would be exposed to credit risk in the amount of the swaps' positive fair values. In order to mitigate this risk, the Authority diversified its exposure among three counterparties. As of June 30, 2014 the swap counterparties were rated A3 (Bank of America), A2 (Goldman Sachs Products), and Aa3 (JPMorgan Chase) by Moody's and A (Bank of America), A- (Goldman Sachs Capital Markets), and A+ (JPMorgan Chase) by Standard & Poor's. The swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap should the credit rating fall below the applicable thresholds.

Basis risk. This is the risk of a mismatch between the variable rate received from the counterparty and the variable rate paid on the variable rate debt that was issued in October 2009. The Authority is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Authority pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on current and historical experience, we expect the payments received under the agreements to approximate the expected bond payments over the 29 year term of the swaps.

Termination risk and termination payments. This is the risk that the transaction is terminated in a market dictating a termination payment by the Authority. The Authority can terminate a swap at the fair market value by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events under the terms of the agreement. The Authority or the counterparties may terminate the swap if the other party fails to perform under the terms of the contracts, such as the failure to make swap payments. If the swap is terminated, the expected variable-rate bonds would no longer be hedged.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with investments of all tax-exempt bond proceeds at an interest yield greater than the interest paid to bondholders. Generally, all interest paid to bond holders can be retroactive if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. The Authority's arbitrage liability is currently estimated to be immaterial.

NOTE 9 – FUND BALANCE

The fund balance classification is described in Note 1. The details of the fund balances are included in the Governmental Funds Balance Sheet (page 13).

General Fund

The General Fund has Nonspendable, Restricted and Unassigned Funds as of June 30, 2014 consisting of the following:

- Prepaid Items (\$10,027) – represent amounts that are expected to be converted to cash
- New Measure A Projects (\$62,014,056) – to reflect bond reserve held in CAMP for 2009 bond issuance and the bond proceeds for the 2012 issuance.
- Transportation Mitigation (\$5,254,385) – to assist with funding road and transit system improvements needed to accommodate projected growth and development.
- Other Transportation Projects (\$24,322,812) – to reflect funds restricted by Local Ordinance for transportation-related projects.
- General Administration (\$427,430) – to reflect unassigned funds for the use of general administrative expenditures.

Other Major Funds

The Special Revenue Fund has Restricted Funds of \$107,455 at June 30, 2014 to fulfill the program objectives of the Abandoned Vehicles program. The Debt Service Fund has Restricted Funds of \$4,125,528 to reflect amounts held for debt service.

SACRAMENTO TRANSPORTATION AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 10 – GOVERNMENT WIDE NET POSITION

As of June 30, 2014, the Authority had negative net position of \$288,831,950. Under a typical bond financing arrangement, the public entity issues debt and expends the funds on capital projects that are reported on the statement of net position as capital assets. The capital assets generally offset the bonded debt. The Authority has facilitated the financing for the recipient jurisdictions. Since the Authority allocates the Measure A funds to the various jurisdictions for Measure A related projects, a deficit net position will result as the expenses are recorded in the Authority's books while the various jurisdictions will either record capital assets or expenses on their financial statements. The deficit will continue to grow as the projected expenses increase in the next few years, but will be recovered over time as the sales tax revenues eventually pay down the financing.

NOTE 11 – RESTATEMENT OF BUDGETARY BASIS

Beginning budgetary fund balance of the General and Special Revenue funds have been restated to properly reflect the exclusion of the respective revenue accruals.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Budgetary Fund Balance, July 1, 2013, as originally stated	\$ 104,993,475	\$ 104,014
Restatement	<u>(19,929,878)</u>	<u>(309,676)</u>
Budgetary Fund Balance, July 1, 2013, as restated	<u>\$ 85,063,597</u>	<u>\$ (205,662)</u>

NOTE 12 – SUBSEQUENT EVENTS

On September 3, 2014, the Authority issued \$106,100,000 Sales Tax Revenue Refunding Series 2014A Bonds (refunding bonds) to currently refund the outstanding \$106,100,000 Sales Tax Revenue Series 2009A Bonds (refunded bonds). The current refunding was undertaken (1) to free up approximately \$7.9 million that was reserved for the refunded bonds that will be made available to reimburse local jurisdictions for capital project claims and (2) to eliminate approximately 0.7% in ancillary fees the Authority was paying on the refunded bonds. The Authority has also elected not to terminate the interest rate swap associated with the refunded bonds, effectively transferring it to the refunding bonds.

SUPPLEMENTAL INFORMATION

SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	July 1, 2013 Balance	Additions	Deletions	June 30, 2014 Balance
CITY OF SACRAMENTO				
Assets:				
Cash and Investments	\$ 25,941,913	\$ 3,560,492	\$ 7,783,792	\$ 21,718,613
Interest receivable	16,842	12,314	16,842	12,314
Total Assets	\$ 25,958,755	\$ 3,572,806	\$ 7,800,634	\$ 21,730,927
Liabilities:				
Accounts payable	\$ 1,154,502	\$ 267,873	\$ 1,154,502	\$ 267,873
Deposits	24,804,253	3,304,933	6,646,132	21,463,054
Total Liabilities	\$ 25,958,755	\$ 3,572,806	\$ 7,800,634	\$ 21,730,927
COUNTY OF SACRAMENTO				
Assets:				
Cash and Investments	\$ 24,158	\$ 966	\$ 1,308	\$ 23,816
Interest receivable	966	23	966	23
Total Assets	\$ 25,124	\$ 989	\$ 2,274	\$ 23,839
Liabilities:				
Accounts payable	\$ 548	\$ 760	\$ 1,308	\$ (0)
Deposits	24,576	229	966	23,839
Total Liabilities	\$ 25,124	\$ 989	\$ 2,274	\$ 23,839
SACRAMENTO REGIONAL TRANSIT				
Assets:				
Cash and Investments	\$ 1,168,963	\$ 2,997	\$ 310,197	\$ 861,763
Interest receivable	2,997	956	2,997	956
Total Assets	\$ 1,171,960	\$ 3,953	\$ 313,194	\$ 862,719
Liabilities:				
Deposits	\$ 1,171,960	\$ 3,953	\$ 313,194	\$ 862,719
Total Liabilities	\$ 1,171,960	\$ 3,953	\$ 313,194	\$ 862,719
CITY OF FOLSOM				
Assets:				
Cash and Investments	\$ 370	\$ 333	\$ 703	\$ -
Interest receivable	333	-	333	-
Total Assets	\$ 703	\$ 333	\$ 1,036	\$ -
Liabilities:				
Deposits	\$ 703	\$ 333	\$ 1,036	\$ -
Total Liabilities	\$ 703	\$ 333	\$ 1,036	\$ -
CITY OF ISLETON				
Assets:				
Cash and Investments	\$ 433,544	\$ 466	\$ -	\$ 434,010
Interest receivable	466	422	466	422
Total Assets	\$ 434,010	\$ 888	\$ 466	\$ 434,432
Liabilities:				
Deposits	\$ 434,010	\$ 888	\$ 466	\$ 434,432
Total Liabilities	\$ 434,010	\$ 888	\$ 466	\$ 434,432

SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	July 1, 2013 Balance	Additions	Deletions	June 30, 2014 Balance
CITY OF GALT				
Assets:				
Cash and Investments	\$ 327,631	\$ 700	\$ 327,631	\$ 700
Interest receivable	700	83	700	83
Total Assets	\$ 328,331	\$ 783	\$ 328,331	\$ 783
Liabilities:				
Deposits	\$ 328,331	\$ 783	\$ 328,331	\$ 783
Total Liabilities	\$ 328,331	\$ 783	\$ 328,331	\$ 783
CITY OF CITRUS HEIGHTS				
Assets:				
Cash and Investments	\$ 1,035,746	\$ 2,597	\$ 634,582	\$ 403,761
Interest receivable	2,596	736	2,596	736
Total Assets	\$ 1,038,342	\$ 3,333	\$ 637,178	\$ 404,497
Liabilities:				
Accounts payable	\$ 25,776	\$ 67,878	\$ 25,776	\$ 67,878
Deposits	1,012,566	(64,545)	611,402	336,619
Total Liabilities	\$ 1,038,342	\$ 3,333	\$ 637,178	\$ 404,497
CITY OF ELK GROVE				
Assets:				
Cash and Investments	\$ 416,952	\$ 1,045	\$ 389,312	\$ 28,685
Interest receivable	1,045	94	1,045	94
Total Assets	\$ 417,997	\$ 1,139	\$ 390,357	\$ 28,779
Liabilities:				
Accounts payable	\$ 275,494	\$ -	\$ 275,494	\$ (0)
Deposits	142,503	1,139	114,863	28,779
Total Liabilities	\$ 417,997	\$ 1,139	\$ 390,357	\$ 28,779
CITY OF RANCHO CORDOVA				
Assets:				
Cash and Investments	\$ 389,691	\$ 1,007	\$ 180,027	\$ 210,671
Interest receivable	1,006	259	1,006	259
Total Assets	\$ 390,697	\$ 1,266	\$ 181,033	\$ 210,930
Liabilities:				
Accounts payable	\$ 49,322	\$ 3,215	\$ 49,322	\$ 3,215
Deposits	341,375	(1,949)	131,711	207,715
Total Liabilities	\$ 390,697	\$ 1,266	\$ 181,033	\$ 210,930
NEIGHBORHOOD SHUTTLE				
Assets:				
Cash and Investments	\$ 4,034,455	\$ 1,008,000	\$ -	\$ 5,042,455
Interest receivable	8,000	4,408	8,000	4,408
Total Assets	\$ 4,042,455	\$ 1,012,408	\$ 8,000	\$ 5,046,863
Liabilities:				
Deposits	\$ 4,042,455	\$ 1,012,408	\$ 8,000	\$ 5,046,863
Total Liabilities	\$ 4,042,455	\$ 1,012,408	\$ 8,000	\$ 5,046,863

SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	July 1, 2013 Balance	Additions	Deletions	June 30, 2014 Balance
CTSA SET ASIDE				
Assets:				
Cash and Investments	\$ 3,503,623	\$ 990,154	\$ -	\$ 4,493,777
Interest receivable	6,896	3,876	6,896	3,876
Total Assets	\$ 3,510,519	\$ 994,030	\$ 6,896	\$ 4,497,653
Liabilities:				
Deposits	\$ 3,510,519	\$ 994,030	\$ 6,896	\$ 4,497,653
Total Liabilities	\$ 3,510,519	\$ 994,030	\$ 6,896	\$ 4,497,653
 JPA CONNECTOR (Pay Go)				
Assets:				
Cash and Investments	\$ 25,762	\$ 200,150	\$ 225,912	\$ 0
Interest receivable	150	107	150	107
Total Assets	\$ 25,912	\$ 200,257	\$ 226,062	\$ 107
Liabilities:				
Accounts payable	\$ 25,509	\$ 10,839	\$ 36,348	\$ (0)
Deposits	403	189,418	189,714	107
Total Liabilities	\$ 25,912	\$ 200,257	\$ 226,062	\$ 107
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Investments	\$ 37,302,808	\$ 5,768,907	\$ 9,853,464	\$ 33,218,251
Interest receivable	41,997	23,278	41,997	23,278
Total Assets	\$ 37,344,805	\$ 5,792,185	\$ 9,895,461	\$ 33,241,529
Liabilities:				
Accounts payable	\$ 1,531,151	\$ 350,565	\$ 1,542,750	\$ 338,966
Deposits	35,813,654	5,441,620	8,352,711	32,902,563
Total Liabilities	\$ 37,344,805	\$ 5,792,185	\$ 9,895,461	\$ 33,241,529

STATISTICAL SECTION

This part of the Sacramento Transportation Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the Authority's most significant local revenue source - sales tax.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules contain information about the Authority's operation and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.

Sources: - Unless otherwise noted; the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Authority implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

SACRAMENTO TRANSPORTATION AUTHORITY
 Net Position by Component
 (Accrual basis of Accounting)

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Governmental activities:										
Restricted for transportation mitigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,073,658	\$ 5,447,348	\$ 1,204,207	\$ 4,390,110	\$ 5,254,385
Restricted for abandoned vehicles										107,455
Unrestricted	36,790,648	33,368,935	(16,051,271)	(101,589,627)	(143,010,032)	(197,736,342)	(246,561,887)	(269,290,732)	(283,641,409)	(294,193,790)
Total governmental activities net position	<u>\$ 36,790,648</u>	<u>\$ 33,368,935</u>	<u>\$ (16,051,272)</u>	<u>\$ (101,589,627)</u>	<u>\$ (143,010,032)</u>	<u>\$ (194,662,684)</u>	<u>\$ (241,114,539)</u>	<u>\$ (268,086,525)</u>	<u>\$ (279,251,299)</u>	<u>\$ (288,831,950)</u>

Source - Authority financials

SACRAMENTO TRANSPORTATION AUTHORITY
Changes in Net Position
(accrual basis of accounting)

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Program Revenues										
Operating grants and contributions	\$ 3,265,658	\$ 3,038,830	\$ 2,856,376	\$ 3,065,942	\$ 2,964,590	\$ 6,008,096	\$ 5,327,190	\$ 5,966,229	\$ 6,221,395	\$ 6,835,898
Expenses										
Governmental Activities:										
Measure A (ongoing and set asides)	\$ 98,303,111	\$ 113,885,339	\$ 118,452,646	\$ 100,930,099	\$ 95,829,982	65,408,282	68,293,582	72,891,458	76,397,880	80,236,470
Transportation mitigation										26,870,549
Freeway Service Patrol	1,495,634	1,555,435	1,643,363	1,824,305	1,770,438	1,836,329	1,880,031	1,729,539	1,765,562	2,164,149
Abandoned Vehicle Service Authority	1,093,842	1,178,658	1,199,866	1,135,591	1,092,942	1,057,667	1,376,979	1,079,593	1,089,746	1,125,637
Measure A (construction)			37,396,454	82,958,676	28,471,832	60,854,700	52,044,097	35,000,302	17,826,692	14,507,501
Interest on long-term debt			2,491,557	6,691,245	7,581,219	10,555,136	16,245,290	15,119,256	16,257,749	16,196,388
Collaborative	892,620	455,910	-	-	-	-	-	-	-	-
Total expenses	101,785,207	117,075,342	161,183,886	193,539,916	134,746,413	139,712,114	139,839,979	125,820,145	113,337,629	141,100,694
Net (expense) revenue	(98,519,549)	(114,036,512)	(158,327,510)	(190,473,974)	(131,781,823)	(133,704,018)	(134,512,790)	(119,853,918)	(107,116,239)	(134,264,796)
General revenues:										
Sales taxes	102,385,507	109,688,836	105,366,507	101,155,680	89,395,168	81,413,982	87,299,421	92,239,996	97,390,177	100,063,237
Unrestricted investment earnings	483,592	925,963	3,540,796	3,779,938	966,250	637,384	761,514	641,940	662,384	430,908
Total general revenues	102,869,099	110,614,799	108,907,303	104,935,618	90,361,418	82,051,366	88,060,935	92,881,936	98,052,561	100,494,145
Change in net position	\$ 4,349,550	\$ (3,421,713)	\$ (49,420,207)	\$ (85,538,356)	\$ (41,420,405)	\$ (51,652,652)	\$ (46,451,855)	\$ (26,971,986)	\$ (9,063,678)	\$ (33,770,651)

Source - Authority financials

SACRAMENTO TRANSPORTATION AUTHORITY
Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
General fund:										
Nonspendable:										
Prepaid items							\$ 10,027	\$ 10,027	\$ 10,027	\$ 10,027
Restricted for:	\$ 10,000	\$ 10,000								
New Measure A projects			\$ 53,736,986	\$ 50,417,511	\$ 23,815,777	\$ 103,507,342	45,778,808	26,309,298	74,580,536	62,014,056
Transportation mitigation						3,073,658	5,447,348	1,204,207	4,390,110	5,254,385
Other transportation projects							21,962,603	19,008,492	22,368,024	24,322,812
Unreserved:										
Designated for:										
Revenue estimate adjustments	7,104,690	6,393,630	4,226,954							
Litigation contingency	476,689	497,542	516,689							
Administrative reserve	1,432,497									
FSP Radios										
Unreserved and undesignated	27,383,158	26,063,530	16,579,963	21,487,298	15,261,503	13,175,036				
Unassigned for:										
General administration							589,073	600,000	740,000	427,430
Total general fund	\$ 36,407,034	\$ 32,964,702	\$ 75,060,592	\$ 71,904,809	\$ 39,077,280	\$ 119,756,036	\$ 73,787,859	\$ 47,132,024	\$ 102,088,697	\$ 92,028,710
All other governmental funds										
Restricted										
Debt service			\$ 10,721,864	\$ 12,495,581	\$ 4,384,802	\$ 4,132,177	\$ 4,106,434	\$ 3,774,504	\$ 4,345,908	\$ 4,125,528
Abandoned vehicles - SAVSA										107,455
Assigned										
Abandoned vehicles - SAVSA							31,435	85,614	93,817	
Unreserved										
Unreserved, reported in										
Special revenue fund - SAVSA	\$ 429,074	\$ 390,322	336,904	324,850	349,268	369,217				
Special revenue fund - Collaborative	759	66,998								
Total all other governmental funds	\$ 429,833	\$ 457,320	\$ 11,058,768	\$ 12,820,431	\$ 4,734,070	\$ 4,501,393	\$ 4,137,869	\$ 3,860,118	\$ 4,439,725	\$ 4,232,983

Source - Authority financials

SACRAMENTO TRANSPORTATION AUTHORITY
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Revenues										
Taxes	\$ 102,385,507	\$ 109,688,836	\$ 105,366,507	\$ 101,155,680	\$89,395,168	\$81,413,982	\$87,299,421	\$92,239,996	\$97,390,177	\$100,063,237
Development Impact Fees (Mitigation)						3,073,658	2,334,437	2,957,362	3,176,382	3,540,542
Vehicle registration fees	1,139,965	1,142,226	1,144,870	1,140,257	1,132,447	1,106,169	1,070,911	1,166,769	1,130,254	1,172,833
Contributions	655,968	405,595								
State grant	761,204	772,879	951,204	1,129,892	1,035,852	988,962	1,122,358	1,109,848	1,167,759	1,179,459
FSP / State / SHOPP										196,064
SAFE Funds	620,000	610,000	640,000	672,525	672,525	706,000	706,000	732,250	747,000	747,000
Use of money and property - interest	426,817	932,080	3,542,668	3,803,128	975,310	637,426	761,414	641,940	660,928	430,196
Unrealized gain/(loss)	56,775	(6,318)	(1,872)	(23,190)	(9,060)					
Miscellaneous	3,416	201				2,432	100		1,452	712
Yolo County	85,105	108,130	120,302	123,268	123,766	130,832	93,483			
Total Revenues	106,134,757	113,653,629	111,763,679	108,001,560	93,326,010	88,059,461	93,388,124	98,848,165	104,273,952	107,330,043
Expenditures										
General government:										
Administrative	1,814,604	1,235,780	493,837	554,092	643,936	599,424	542,380	658,391	745,552	1,008,517
Freeway service patrol	1,495,634	1,555,435	1,643,363	1,824,305	1,770,438	1,836,329	1,880,031	1,729,539	1,765,562	2,164,149
Intergovernmental	98,468,968	114,277,259	156,319,967	183,896,918	123,979,282	126,524,494	121,087,058	108,225,941	94,103,672	97,543,286
Debt Service:										
Interest and other charges			2,619,565	6,401,511	7,846,244	14,633,134	16,210,359	15,167,878	16,804,043	16,880,820
Total expenditures	101,779,206	117,068,474	161,076,732	192,676,826	134,239,900	143,593,381	139,719,828	125,781,749	113,418,829	117,596,772
Excess of Revenues over Expenditures	4,355,551	(3,414,845)	(49,313,053)	(84,675,266)	(40,913,890)	(55,533,920)	(46,331,704)	(26,933,584)	(9,144,877)	(10,266,729)
Other Financing Sources (Uses)										
Transfers in	255,200	139,674	11,970,833	7,147,055	589,465	12,031,436	16,215,856	14,869,554	16,950,657	16,694,009
Transfers out	(255,200)	(139,674)	(11,970,833)	(7,147,055)	(589,465)	(12,031,436)	(16,215,856)	(14,869,554)	(16,950,657)	(16,694,009)
Repayment 2006 and 2007 bond debt						(182,320,000)				
Premium from issuance of long term debt									11,326,155	
Issuance of long term debt			101,673,487	83,618,050		318,300,000			53,355,000	
Total other financing sources (uses)	-	-	101,673,487	83,618,050	-	135,960,000	-	-	64,681,155	-
Net change in fund balances	\$ 4,355,551	\$ (3,414,845)	\$ 52,360,434	\$ (1,057,216)	\$(40,913,891)	\$ 80,446,080	\$(46,331,704)	\$ (26,933,584)	\$ 55,536,278	\$ (10,266,729)
Debt Service as a Percentage of Noncapital Expenditures	-	-	1.63%	3.32%	5.84%	10.19%	11.60%	12.06%	14.82%	14.35%

Source - Authority financials

**SACRAMENTO TRANSPORTATION AUTHORITY
REVENUE CAPACITY - REVENUE BASE AND REVENUE RATE
FY 2005 through FY 2014 (in thousands)**

Fiscal Year	Authority Sales Tax Rate	Total Sales Tax Revenue	Total Taxable Sales
2014	0.5% \$	100,063	\$ 20,012,600*
2013	0.5%	97,390	19,478,000*
2012	0.5%	92,240	19,089,848
2011	0.5%	87,299	18,003,765
2010	0.5%	81,414	16,904,528
2009	0.5%	89,395	16,563,853
2008	0.5%	101,155	19,331,847
2007	0.5%	105,367	20,560,510
2006	0.5%	109,689	21,140,386
2005	0.5%	102,386	21,266,500

Source: Board of Equalization

* Estimate - actuals not available

**SACRAMENTO TRANSPORTATION AUTHORITY
REVENUE CAPACITY - PRINCIPAL REVENUE PAYERS
Calendar Year 2012 and 2004**

	2012*			2004		
	Rank	Amount	Percentage of Taxable Sales	Rank	Amount	Percentage of Taxable Sales
All Other Outlets	1	\$ 5,723,389	30.0%	1	\$ 5,367,915	26.6%
Automotive	2	2,266,802	11.9%	2	2,752,639	13.6%
General Merchandise Stores	3	2,076,421	10.9%	4	2,267,632	11.2%
All Other Retail Stores	4	2,027,143	10.6%	3	2,573,375	12.7%
Service Stations	5	1,935,830	10.1%	7	1,078,188	5.3%
Eating and Drinking Places	6	1,854,027	9.7%	6	1,488,882	7.4%
Building Materials	7	1,024,765	5.4%	5	1,630,292	8.1%
Food Stores	8	916,005	4.8%	9	850,531	4.2%
Apparel Stores	9	855,369	4.5%	11	591,633	2.9%
Household & Home Furnishings	10	278,066	1.5%	10	708,595	3.5%
Nonstore Retailers	11	132,031	0.8%	8	907,240	4.5%
Total All Outlets		<u>\$ 19,089,848</u>	<u>100.0%</u>		<u>\$ 20,216,922</u>	<u>100.0%</u>

Source: Board of Equalization

*Latest information available

**SACRAMENTO TRANSPORTATION AUTHORITY
PRIVATE SECTOR PRINCIPAL EMPLOYERS
Calendar Year 2012 and 2004**

	2012*			2004		
	Rank	Employees (a)	Percentage of Total County Employment	Rank	Employees (b)	Percentage of Total County Employment
Sutter Health Sacramento Sierra Region	1	6,507	1.06%	4	6,405	1.04%
Intel Corporation	2	6,000	0.98%	2	7,000	1.13%
Dignity Health	3	5,756	0.94%			
Kaiser Permanente	4	5,696	0.93%	1	7,694	1.24%
Raley's Inc / Bel Air	5	3,592	0.59%	3	6,632	1.07%
Health Net of California	6	2,305	0.38%	10	2,000	0.32%
VSP Global	7	2,223	0.37%			
Wells Fargo & Co	8	2,189	0.36%			
Apple Inc	9	1,800	0.30%			
GenCorp Inc (formerly Aerojet)	10	1,783	0.29%			
CHW / Mercy Health Care				5	6,002	0.97%
Hewlett Packard				7	4,500	0.73%
Wal-Mart				8	3,220	0.52%
EDS				9	2,870	0.46%
SBC Communications				6	5,180	0.84%
Total		37,851	6.20%		51,503	8.32%

(a) Source: Sacramento Business Journal, 2013 for 2012

(b) Source: Sacramento County 2013 CAFR used for 2004

*Latest information available

**SACRAMENTO TRANSPORTATION AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
CALENDAR YEARS 2005-2014**

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2014	1,447,759	N/A	N/A	7.1%
2013	1,450,121	\$ 60,668,975	\$ 41,837	8.7%
2012	1,436,262	57,996,392	40,380	11.1%
2011	1,422,316	55,176,682	38,794	12.7%
2010	1,408,601	54,437,987	38,647	11.3%
2009	1,394,438	55,206,829	39,591	7.2%
2008	1,381,161	53,769,563	38,931	5.4%
2007	1,369,563	51,575,249	37,658	4.8%
2006	1,360,816	48,922,482	35,951	5.0%
2005	1,348,932	46,771,956	34,673	5.6%

Sources: Bureau of Economic Analysis, California State Employment Development Department
California Department of Finance for 2014 population estimate only

Personal Income and Per Capita Personal Income not available for 2014.

**SACRAMENTO TRANSPORTATION AUTHORITY
OPERATING INFORMATION - EMPLOYEES
FY 2005 through FY 2014**

Activity	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Measure A	2.6	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.5
Freeway Service Patrol	1.2	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.3
SAVSA	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

Source - Authority records

**SACRAMENTO TRANSPORTATION AUTHORITY
OPERATING INFORMATION - DEMAND FOR SERVICES
MEASURE A - By Jurisdiction
FY 2005 through FY 2014**

Jurisdiction	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
SMAQMD	\$ 1,474,887	\$ 1,407,308	\$ 1,342,830	\$ 1,258,355	\$ 1,203,395	\$ 1,210,653	\$ 1,520,895	\$ 1,786,043	\$ 1,712,031	\$ 1,485,865
RT South Line	-	-	-	-	-	-	-	\$ 5,399,139	\$ 5,535,678	\$ 4,664,757
City of Folsom	\$ 1,978,191	\$ 1,905,848	\$ 1,816,009	\$ 1,667,429	\$ 1,627,374	\$ 3,962,307	\$ 4,954,655	\$ 370,298		
City of Rancho Cordova	\$ 1,803,645	\$ 1,711,239	\$ 1,627,805	\$ 1,401,876	\$ 1,321,950	\$ 2,081,152	\$ 2,533,060	\$ 2,948,026	\$ 2,715,086	\$ 2,334,479
City of Galt	\$ 1,003,696	\$ 958,170	\$ 914,734	\$ 857,824	\$ 820,800	\$ 1,312,785	\$ 1,639,684	\$ 1,946,664	\$ 1,849,731	\$ 1,609,751
City of Isleton	\$ 40,150	\$ 38,327	\$ 36,592	\$ 34,313	\$ 32,835	\$ 45,589	\$ 58,005	\$ 69,539	\$ 69,436	\$ 61,827
Paratransit	\$ 3,441,403	\$ 3,283,718	\$ 3,133,270	\$ 2,936,161	\$ 2,807,922	\$ 1,467,435	\$ 1,844,116	\$ 2,169,072	\$ 2,078,635	\$ 1,791,059
Regional Transit	\$ 33,922,401	\$ 32,368,073	\$ 30,885,085	\$ 28,942,154	\$ 27,678,086	\$ 25,680,118	\$ 32,272,033	\$ 37,888,003	\$ 36,376,101	\$ 31,343,525
City of Citrus Heights	\$ 1,985,463	\$ 1,891,987	\$ 1,802,800	\$ 1,726,097	\$ 1,655,413	\$ 3,066,507	\$ 3,905,241	\$ 4,680,394	\$ 4,407,218	\$ 4,028,138
City of Elk Grove	\$ 3,927,291	\$ 3,706,060	\$ 3,523,059	\$ 3,103,271	\$ 2,927,716	\$ 4,803,891	\$ 5,882,560	\$ 6,500,846	\$ 5,409,744	\$ 4,517,116
City of Sacramento	\$ 11,534,598	\$ 11,011,678	\$ 10,506,441	\$ 10,004,574	\$ 9,498,469	\$ 16,469,321	\$ 20,564,463	\$ 24,214,996	\$ 22,296,911	\$ 19,994,205
County of Sacramento	\$ 15,134,616	\$ 14,424,979	\$ 13,742,240	\$ 12,975,067	\$ 12,455,087	\$ 19,803,338	\$ 25,204,338	\$ 29,981,516	\$ 30,648,029	\$ 25,544,405
Sacramento Regional Parks*	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Neighborhood Shuttle Set Aside*	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
CTSA Set Aside*	\$ 983,258	\$ 938,205	\$ 895,220	\$ 838,903	\$ 802,264	\$ -	\$ -	\$ -	\$ -	\$ -

* Note: Set Asides / Sacramento Regional Parks began in FY 09/10
Source - Authority records

**SACRAMENTO TRANSPORTATION AUTHORITY
RATIOS OF OUTSTANDING DEBT
FISCAL YEARS 2007-2014**

<u>Fiscal Year</u>	<u>Sales Tax Revenue Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2014	\$ 381,533,926	N/A	N/A
2013	382,289,003	0.6%	\$ 264
2012	318,300,000	0.5%	222
2011	318,300,000	0.6%	224
2010	318,300,000	0.6%	226
2009	182,320,000	0.3%	131
2008	182,320,000	0.3%	132
2007	100,090,000	0.2%	73

Personal Income and Per Capita Personal Income not available for 2014.
No debt was issued prior to 2007

**SACRAMENTO TRANSPORTATION AUTHORITY
OPERATING INFORMATION -
ABANDONED VEHICLE ABATEMENTS
FY 2005 through FY 2014**

<u>Fiscal Year</u>	<u>Total Number of AbateMENTS</u>
2014	5,247
2013	6,222
2012	6,239
2011	7,334
2010	8,718
2009	11,575
2008	13,736
2007	14,690
2006	18,008
2005	20,848

Source: Authority records

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APPENDIX B

INFORMATION REGARDING THE COUNTY OF SACRAMENTO

The information in this Appendix B is the most current information available from the sources cited herein. Such information was obtained from the County and from sources the Authority and the Underwriter believe to be reliable as of the latest date when such information was available. The Authority and the Underwriter take no responsibility for the accuracy or completeness of such information.

Population

Population in Sacramento County reflects continued growth as shown in the following table. During the 1980's, 1990's and 2000's, population growth totaled 23.49%, 32.84%, and 17.50% respectively. Since 1980, population growth has totaled 68.96%.

The State Department of Finance estimates Sacramento County population at 1,454,406 as of January 1, 2014. Sacramento County currently has seven incorporated cities: Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova and Sacramento. Approximately 32.67% of the County's population lives in the City of Sacramento. Approximately 39.99% of the County's population lives in unincorporated areas, giving Sacramento County one of the largest unincorporated populations among all counties in the State.

<u>Area</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Cities:									
Citrus Heights	-	-	-	85,071	83,267	83,618	83,881	84,166	84,544
Elk Grove	-	-	-	-	152,925	154,954	155,937	158,734	160,688
Folsom	5,810	11,003	29,802	51,884	72,201	72,439	72,725	72,150	74,014
Galt	3,200	5,514	8,889	19,472	23,641	23,767	24,076	24,133	24,289
Isleton	909	914	833	828	804	808	810	813	815
Rancho Cordova	-	-	-	-	64,413	65,502	66,093	66,784	67,839
Sacramento	257,105	275,741	369,365	407,018	466,279	469,566	470,956	472,511	475,122
Unincorporated Area	<u>367,349</u>	<u>490,209</u>	<u>632,330</u>	<u>659,226</u>	<u>553,529</u>	<u>558,061</u>	<u>560,675</u>	<u>563,461</u>	<u>567,095</u>
Total:	634,373	783,381	1,041,219	1,223,499	1,417,0593	1,428,355	1,435,153	1,442,752	1,454,406
% Increase over prior period:		23.49%	32.84%	17.50%	15.82%	1.00%	0.5%	0.5%	0.8%
State Population:	19,935,134	23,782,000	29,828,496	34,095,209	37,223,900	37,510,766	37,678,563	37,984,138	38,340,074
% Increase over prior period:		19.30%	25.42%	14.30%	9.17%	1.00%	0.7%	0.8%	0.9%

Source: California Department of Finance.

Industry and Employment

Three major job categories comprised 78.3% of the County's work force during 2013: services (38.9%), government (26.7%), and wholesale/retail trade (12.7%), based on seasonally unadjusted March 2013 statistics, as summarized in the following table. The County's preliminary unemployment rate (not seasonally adjusted) as of October 2014 was at 6.8%, compared to the Statewide average of 7.0%, a decrease from the October 2013 County rate (not seasonally adjusted) of 8.3%.

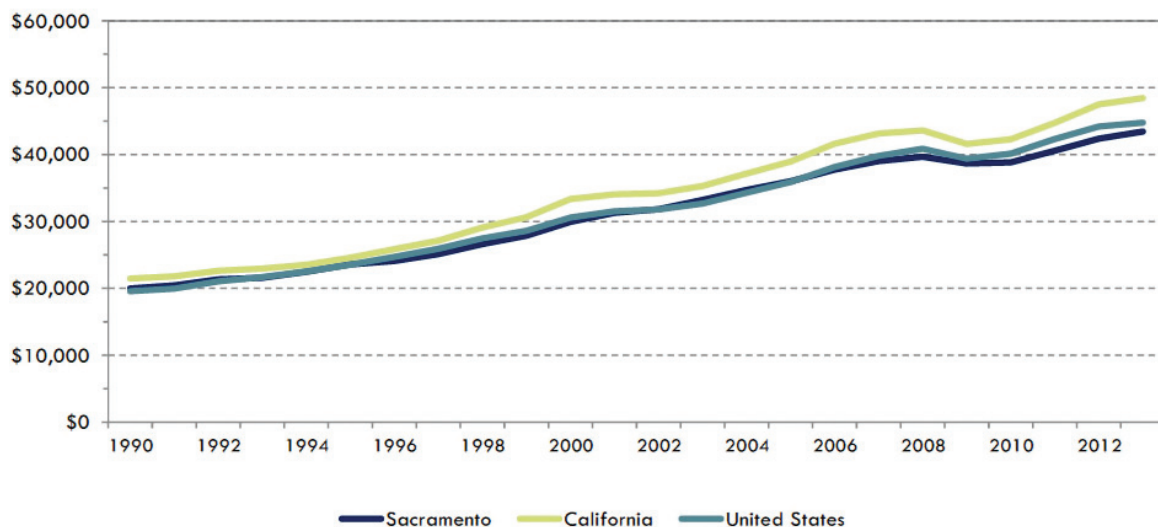
**Sacramento County Labor Market Survey
Calendar Years 2008 to 2013 (Annual Averages)
(Amounts Expressed in Thousands)**

Industry	2008	2009	2010	2011	2012	2013
Mining	0.1	0.1	0.1	0.2	.2	.2
Construction	34.4	26.9	23.5	22.6	23.6	27.0
Manufacturing-Durable goods	14.5	12.9	12.2	12.9	13.8	13.8
Manufacturing-Nondurable goods	8.2	7.6	7.2	7.4	7.3	7.0
Transportation, Warehousing & Public Utilities	13.7	12.8	11.9	11.5	12.2	13.0
Information	15.0	14.2	13.2	12.6	11.8	11.3
Wholesale Trade	16.0	14.7	14.1	14.8	15.8	15.5
Retail Trade	60.4	55.4	55.6	56.4	58.3	59.2
Finance, Insurance, Real Estate Services	39.5	36.0	32.1	30.5	31.1	31.6
Government	216.0	209.3	213.2	209.9	219.7	227.8
Agriculture	171.5	168.8	164.3	159.9	156.4	156.2
Other	2.7	2.7	2.6	2.5	2.6	2.6
Total:⁽¹⁾	612.8	581.8	570.1	560.9	572.4	584.7

Source: California State Employment Development Department, Labor Market Information Division.
⁽¹⁾ Totals may not be exact due to independent rounding.

Per capita income for the County was \$43,438 in 2013; comparable to the national average. Per capita income for the County grew at a compound annual rate of 3.43% from 1990 to 2013. The following table shows the growth in median per capita income from 1990 through 2013 for the County, California and the United States.

Per Capita Income (1990 – 2013)



Source: U.S. Bureau of Economic Analysis

Three major job categories comprised 78.3% of the County’s work force during 2013: services (38.9%), government (26.7%), and wholesale/retail trade (12.7%), based on seasonally unadjusted March

2013 statistics, as summarized in the following table. The County’s preliminary unemployment rate (not seasonally adjusted) as of October 2014 was at 6.8%, compared to the Statewide average of 7.0%, a decrease from the October 2013 County rate (not seasonally adjusted) of 8.3%.

Major Employers

The table below represents the Major Private-Sector Employers for the County of Sacramento. Major private employers in the County of Sacramento include those in electronics, health care services, retail sales, financial and business services and aerospace/defense. Major private-sector employers, their products or services and their number of full-time equivalent (FTE) employees in 2012 are reflected in the following table.

Major Private Sector Employers 2012*

Company	Type of Business	Number of FTE Employees
Sutter Health	Health Care	6,507
Intel Corporation	Semiconductor Manufacturer	6,000
Dignity Health	Health Care	5,756
Kaiser Permanente	Health Care	5,696
Raley’s Inc.	Retail Grocery	3,592
Health Net of California Inc.	Managed Healthcare	2,305
VSP Global	Vision/Optical Healthcare	2,223
Wells Fargo & Co.	Financial Services	2,189
Apple Inc.	Consumer Electronics	1,800
GenCorp	Aerospace/Defense	1,783

Source: Sacramento Transportation Authority Comprehensive Annual Financial Report (CAFR) for fiscal year end 2014.
 * Latest information available.

Major public sector employers in the County of Sacramento only, are detailed in the following table.

**Major Public Sector Employers-Sacramento County Only
2014**

Company	Number of FTE Employees
State of California	72,220
Sacramento County	10,700
U.S Government	9,906
UC Davis Health System	9,905
Elk Grove Unified School District	5,410
Sacramento City Unified School District	4,200
City of Sacramento	4,140
San Juan Unified School District	3,632
California State University Sacramento	2,999
Los Rios Community College District	2,976
Sacramento Municipal Utility District	2,046
Folsom Cordova Unified School District	1,958

Source: Sacramento Business Journal, July 2014.

Commercial Activity

Commercial activity is an important contributor to the County's economy. The following table sets forth the total taxable sales transactions in the County for the years indicated.

SACRAMENTO COUNTY Taxable Sales Transactions 2009 Through 2012*

(Amounts Expressed in Thousands of Dollars)

	2009	2010	2011	2012*
Retail and Food Services:				
Motor Vehicle and Parts Dealers	\$ 1,568,867	\$ 1,618,580	\$ 1,875,269	\$ 2,266,802
Furniture and Home Furnishings Stores	262,196	248,592	264,527	278,066
Electronics and Appliance Stores	589,946	598,142	585,468	606,913
Building Materials and Garden Equipment Supplies	890,555	911,945	994,959	1,024,765
Food and Beverage Stores	838,995	854,810	900,349	916,005
Health and Personal Care Stores	313,541	346,264	394,957	412,707
Gasoline Stations	1,355,959	1,537,994	1,831,391	1,935,830
Clothing and Clothing Accessories Stores	772,262	786,230	800,952	855,369
Sporting Goods, Hobby, Book and Music Stores	446,317	441,373	439,845	443,795
General Merchandise Stores	1,904,847	1,959,729	2,016,537	2,076,421
Miscellaneous Store Retailers	553,894	543,302	553,313	563,728
Nonstore Retailers	111,544	103,390	101,914	132,031
Food Services and Drinking Places	1,643,893	1,665,337	1,743,327	1,854,027
Total Retail and Food Services	11,252,319	11,615,687	12,502,808	13,366,459
All Other Outlets	<u>5,311,534</u>	<u>5,288,841</u>	<u>5,500,957</u>	<u>5,723,389</u>
Total All Outlets	\$ 16,563,853	\$ 16,904,528	\$ 18,003,765	\$ 19,089,848

Source: California State Board of Equalization.

* Data for 2013 not yet available.

Agriculture

Agriculture continues to be a factor in the County's economy; however, with the ever-increasing urban and commercial development of the County, agriculture's relative impact on the County's economy has declined in recent years. The gross value of agricultural production in 2013 reached \$457,348,055, a .61% decrease from the previous year.

Construction Activity

The value of building permits issued in the County totaled \$1,028,128,013 in 2013, an increase of 21.44% from the prior year. From 2008 through 2013, the value of nonresidential building permits reflected a total decrease of 63.54% and the value of residential building permits reflected a total decrease of 14.28%. In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2008 through September of 2014 are shown in the following table.

SACRAMENTO COUNTY
Building Permit Valuations
Calendar Year 2008 through 2014⁽¹⁾
 (Amounts Expressed in Thousands)

	2008	2009	2010	2011	2012	2013	2014 ⁽¹⁾
Valuation:							
Residential	\$ 704,569,510	\$ 381,628,390	\$ 412,764,490	\$ 425,497,785	\$ 440,750,713	\$ 603,991,845	\$ 442,594,394
Nonresidential	1,163,164,696	507,393,908	346,482,590	402,841,549	366,949,475	424,136,168	425,234,527
Total:	\$ 1,867,734,206	\$ 889,022,298	\$ 759,247,080	\$ 828,339,334	\$ 807,700,188	\$1,028,128,013	\$ 867,828,921
New Dwelling Units – No. of Permits:							
Single Family	1,933	881	843	727	1,290	1,764	1,277
Multiple Family	1,231	92	338	606	343	145	29
Total:	3,164	973	1,181	1,333	1,633	1,909	1,306

Source: Construction Industry Research Board/California Homebuilding Foundation.

⁽¹⁾ Available data through September 2014 only.

Property Taxes

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

The Assessor's Roll lien date for FY 2014-15 roll was January 1, 2014. In past years, assessed valuation in the County grew. However, in FY 2009-10 assessed valuations decreased by 7.05%, and continued to decrease through FY 2012-13 due to changes in the housing market, with an increase of 4.57% in FY 2013-14. The County Assessor's Office is estimating that FY 2014-15 assessed valuation will increase another 6.34%, translating into a property tax revenue increase for the County General Fund of approximately \$15,600,000 for the secured, unsecured, supplemental, delinquent, and unitary portion of the County's property tax revenues. The following table reflects the FY 2012-13, 2013-14 and 2014-15 actual assessed valuations in the County. An eight-year history of actual assessed valuation is also provided below.

SACRAMENTO COUNTY
Assessed Valuations
FY 2012-13 to 2014-15
(Amounts Expressed in Thousands)

	Net Assessed Valuation	Reimbursed Exemptions	Total Assessed Valuation*
2014-15 (actual)			
Local Secured	\$ 121,764,545,986	\$ 1,565,911,555	\$ 123,330,457,541
Utility—Non-unitary	35,369,735	0	35,369,735
Utility—Unitary	1,485,581,828	0	1,485,581,828
Unsecured	5,422,772,272	131,512	5,422,903,784
Total:	\$ 128,708,269,821	\$ 1,566,043,067	\$ 130,274,312,888
2013-14 (actual)			
Local Secured	\$ 114,355,425,562	\$ 1,594,992,114	\$ 115,950,417,676
Utility—Non-unitary	29,604,625	0	29,604,625
Utility—Unitary	1,457,087,489	0	1,457,087,489
Unsecured	5,067,931,126	144,987	5,068,076,113
Total:	\$ 120,910,048,802	\$ 1,595,137,101	\$ 122,505,185,903
2012-13 (actual)			
Local Secured	\$ 108,870,470,527	\$ 1,634,675,962	\$ 110,505,146,489
Utility—Non-unitary	31,587,711	0	31,587,711
Utility—Unitary	1,448,037,685	0	1,448,037,685
Unsecured	5,165,643,379	147,000	5,165,790,379
Total:	\$ 115,515,739,302	\$ 1,634,822,962	\$ 117,150,562,264

Source: California Municipal Statistics, Inc.

*Net assessed valuation plus state-reimbursed exemptions. Includes property taxes on incremental assessed valuations which are allocated for redevelopment projects, net of property tax shifts to schools.

SACRAMENTO COUNTY
History of Assessed Valuations
FY 2007-08 to 2014-15
(Amounts Expressed in Thousands)

Fiscal Year	Total Assessed Valuation	% Change
2007-08	\$ 135,341,066,249	9.03%
2008-09	137,078,562,316	1.28
2009-10	127,408,390,753	(7.05)
2010-11	124,550,357,381	(2.24)
2011-12	120,463,491,195	(3.28)
2012-13	117,150,562,264	(2.75)
2013-14	122,505,185,903	4.57
2014-15	130,274,312,888	6.34

Source: California Municipal Statistics, Inc.

* Net assessed valuation plus state-reimbursed exemptions. Includes property taxes on incremental assessed valuations which are allocated for redevelopment projects, net of property tax shifts to schools.

Transportation

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

Transcontinental and intrastate rail service is provided by the Union Pacific Railroad. Passenger rail service is provided by AMTRAK. The Capitol Corridor's 170-mile intercity passenger train system provides rail service to 16 stations in eight northern California counties. Bus lines offering intercity as well as local service include Greyhound and Sacramento Regional Transit. Regional Transit also operates an approximately 37-mile light rail system.

The Port of Sacramento provides direct ocean freight service to all major United States and world ports, shipping approximately 870,000 tons of cargo annually and link with the rail and freeway system. It is a deep-water ship channel, located 79 nautical miles northeast of San Francisco. The three major rail links serving Sacramento connect with the Port. Interstate 80 and Interstate 5 are immediately adjacent to the Port.

The County Airport System provides for the planning, development and operation of public air transportation facilities serving Sacramento County and adjoining areas. The Airport System consists of Sacramento International Airport, which as of 2014 had 11 passenger airlines and 7 all-cargo airlines, serving approximately 4.4 million enplaned passengers annually, Executive Airport and Franklin Field for general aviation and Mather Airport for air cargo and general aviation. In 2008, the Sacramento International Airport began construction of a Terminal Modernization Program to address future capacity needs through at least 2020, which will include a new 19-gate Concourse B (netting seven additional gates) and a new landside Terminal B. The new facilities became operational on October 6, 2011.

Sacramento International Airport (SMF) is about 12 miles northwest of downtown Sacramento. The airport is served by 11 passenger airlines, which includes two commuter airlines. Since September 11, 2001, SMF has demonstrated its strength among airports by adding four new air carriers (Frontier, Mexicana, Hawaiian and Aloha). As the nation's economy was taking a hard hit in 2008, commercial aviation was challenged by reduced passenger numbers and increased fuel prices and other operating costs. Express Jet, Aloha and Mexicana ceased operation within the span of two years. Executive Airport, located in Sacramento, is a full-service, 680-acre facility serving general aviation. Currently, Mather Airport is served by three all-cargo carriers. In addition to Sacramento International Airport, Executive Airport and Mather Airport, there is one other County operated general airport and numerous private airports.

Sacramento County voters passed a ballot measure in November of 1988 providing for collection of an additional 1/2 cent sales tax to be used exclusively for transportation and air quality projects. Ballot language specified formula distribution: (1) for the cities and unincorporated area of the County; (2) for projects to reduce air pollution; and (3) for mass transit improvements. The additional 1/2 cent sales tax expired in 2009, but in 2004 the County voters approved, by 75.29%, the extension of this 1/2 cent sales tax for an additional 30 years to 2039.

Education

Public school education is provided by 14 school districts (7 are Unified School Districts) plus the County Office of Education and consists of the following types of schools: 20 pre-schools; 230 elementary; 41 middle; 73 secondary (high schools); one K-first grade; one K-third grade; one second-sixth grade; 46 charter schools; five special education centers; 19 community schools; and three alternative schools. The County Office of Education runs one community school and five juvenile schools. Five special education centers are run by the various districts and approximately 35 special education sites are run by the Office of Education. There are approximately 111 private schools in the County with an enrollment of approximately 17,746 as of 2011-2012 (the latest date for which such information is available). Public school enrollment for 2011-2012 is approximately 240,000.

The Los Rios Community College District serves the majority of Sacramento County, as well as portions of El Dorado, Placer, Yolo and Solano Counties. The District maintains four campuses in the County, including American River College, located in the northeastern unincorporated area of Carmichael; Sacramento City College, located in Sacramento; Cosumnes River College, located in the southern area of the City of Sacramento; and Folsom Lake-El Dorado College, located in the northeast area of the County. The 2013-2014 school-year enrollment totals at the four campuses were approximately 75,193 students. The southernmost portion of the County is served by the San Joaquin Delta Community College District.

California State University at Sacramento offers four-year programs in business administration, liberal arts, engineering, education and nursing, and master's degrees in service fields. Fall 2013 enrollment was approximately 28,811 students, an increase from Fall 2012's enrollment of 28,539 students. Other higher education facilities located in Sacramento are the University of Phoenix, McGeorge School of Law which is a branch of the University of the Pacific, University of San Francisco, University of California at Davis Extension, and the Medical Center of the University of California at Davis.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Definitions

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

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

“Act” means the Local Transportation Authority and Improvement Act, Division 19 (Section 180000 et seq.) of the Public Utilities Code of the State of California, as amended or supplemented.

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

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

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

“Assumed Debt Service” means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Bonds if each Excluded Principal Payment were amortized on a substantially level debt service basis or other amortization schedule provided by the Authority for a period commencing on the date of calculation of such Assumed Debt Service and ending on the earlier of (i) the date specified by the Authority not exceeding thirty (30) years from the date of calculation, or (ii) the Tax Expiration Date, such Assumed Debt Service to be calculated on a level debt service basis or other amortization basis provided by the Authority based on a fixed interest rate equal to the rate at which the Authority could borrow for such period, as set forth in a certificate of a financial advisor or investment

banker, delivered to the Trustee, who may rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation.

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

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

“Board” means the Governing Board of the Authority.

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

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

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

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

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

“Business Day” means, except as is otherwise provided in the Supplemental Indenture pursuant to which a Series of Bonds are issued, any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York or the jurisdiction in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed; (2) for purposes of payments and other actions relating to Bonds secured by a Credit Enhancement or supported by a Liquidity Facility, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the Credit Enhancement or Liquidity Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed; (3) a day on which the New York Stock Exchange is closed; or (4) a day on which the payment system of the Federal Reserve System is not operational.

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

“Certificate,” “Statement,” “Request,” “Requisition” and “Order” of the Authority mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the Authority by an Authorized Representative.

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

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

“Corporate Trust Office” or corporate trust office means the corporate trust office of the Trustee at U.S. Bank, National Association, One California Street, 10th Floor, San Francisco, California 94111, Attention: Corporate Trust Department, or such other or additional offices as may be designated by the Trustee from time to time.

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

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

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

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

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

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

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

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

(C) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and the interest on which is excluded or expected to be excluded from gross income for federal income tax purposes, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average of the SIFMA Swap Index for the five (5) years preceding such date of calculation (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

(D) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and the interest on which is included or expected to be included in gross income for federal income tax purposes, the interest rate on such Obligations shall be calculated at an interest rate equal to 100% of the average One Month USD LIBOR Rate during the five (5) years preceding such date of calculation or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee (provided, however, that if such index is no longer published, the interest rate on such Obligations shall be calculated based upon such similar index as the Authority shall designate in writing to the Trustee);

(E) with respect to any Obligations bearing interest, or expected to bear interest, at a variable interest rate for which an Interest Rate Swap Agreement is in place providing for a fixed rate of interest to maturity or for a specific term with respect to such Obligations, the interest rate on such Obligations shall be assumed to be the synthetic fixed interest rate specified in such Interest Rate Swap Agreement for such term;

(F) with respect to any Obligations bearing interest, or expected to bear interest, at a fixed interest rate for which an Interest Rate Swap Agreement is in place providing for a net variable interest rate with respect to such Obligations for a specific term, the interest rate on such Obligations shall be assumed to be equal for such term to the sum of (i) the fixed interest rate or rates to be paid on the Obligations,

minus (ii) the fixed interest rate receivable by the Authority under such Interest Rate Swap Agreement, plus (iii) the average interest rate of the index on which the Interest Rate Swap Agreement is based, as identified in a Certificate of the Authority delivered to the Trustee, or, if not based on an identifiable index, then the SIFMA Swap Index, in each case, over the five (5) years preceding the date of calculation or such higher rate as shall be specified in a Certificate of the Authority delivered to the Trustee;

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

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

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

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

“Expenditure Plan” means the Sacramento County Transportation Expenditure Plan 2009-2039 (attached as Exhibit A to the Ordinance), as in effect on the date of execution and delivery of the Indenture, and as such expenditure plan may be amended from time to time pursuant to its terms.

“Favorable Opinion of Bond Counsel” means, with respect to any action requiring such an opinion, an Opinion of Bond Counsel to the effect that (a) such action is authorized or permitted under the Indenture and (b) such action will not, in and of itself, result in the inclusion of interest on the Series 2015A Bonds in gross income for federal income purposes.

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

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

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

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

“Indenture” means the Indenture, dated as of September 1, 2009, between the Trustee and the Authority, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions thereof.

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

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

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

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

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

“Investment Securities” means any of the following:

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

- (1) Cash;
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;
- (3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including
 - Export-Import Bank
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration (formerly the Farmers Home Administration)
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA’s)
 - Federal Housing Administration
 - Federal Financing Bank; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Maximum Annual Debt Service" means the maximum amount of Annual Debt Service becoming due and payable on all Bonds Outstanding and all Parity Obligations (and Subordinate Obligations, if applicable) outstanding during the period from the date of such calculation through the final maturity date

of the Bonds and Parity Obligations (and Subordinate Obligations, if applicable), calculated utilizing the assumptions set forth under the definition of Debt Service.

“Maximum Rate” means, with respect to any Bonds, the lesser of (i) the rate designated as the Maximum Rate for such Bonds in the Supplemental Indenture with respect to such Bonds and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time. With respect to the Series 2015A Bonds, other than 2015A Liquidity Facility Bonds, “Maximum Rate” means, the lesser of (i) twelve percent (12%) and (ii) the maximum rate of interest that may legally be paid on the Series 2015A Bonds from time to time, and means, with respect to 2015A Liquidity Facility Bonds, the lesser of (x) the Liquidity Facility Rate with respect to such Series 2015A Bonds and (y) the maximum rate of interest that may legally be paid on the 2015A Liquidity Facility Bonds from time to time.

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

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

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

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

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

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

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

“Parity Obligations” means (i) any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money, (ii) any obligation to pay the Rebate Requirement or (iii) the Initial Swaps and any other Interest Rate Swap Agreement (excluding fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured as Fee and Expense Obligations) entered into in connection with a Series of Bonds, in each case incurred in accordance with the Indenture, which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a parity with the Bonds (whether or not any Bonds are Outstanding).

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

“Participating Underwriter” means any of the original underwriters of a Series of Bonds required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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

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

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

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

“Purchase Date” means any date on which any Series 2015A Bond is purchased pursuant to the provisions of the Indenture described in the forepart of this Official Statement under the captions “THE SERIES 2015 BONDS – Optional Tender Provisions” and “ – Mandatory Tender Provisions.”

“Purchase Price” means, with respect to any Series 2015A Bond tendered or deemed tendered pursuant to the provisions of the Indenture described in the forepart of this Official Statement under the captions “THE SERIES 2015 BONDS – Optional Tender Provisions” and “ – Mandatory Tender Provisions,” an amount equal to 100% of the principal amount of any Series 2015A Bond tendered or deemed tendered to the Trustee for purchase.

“Rating Agency” means, as and to the extent applicable to a Series of Bonds, each of Fitch, Moody’s and Standard & Poor’s, but, in each instance, only so long as each such Rating Agency then maintains a rating on such Series of Bonds at the request of the Authority.

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

“Rating Confirmation” means written evidence from each Rating Agency then rating the Series 2015A Bonds to the effect that, following the event which requires the Rating Confirmation, the then current rating for the Series 2015A Bonds will not be lowered or withdrawn solely as a result of the occurrence of such event.

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

“Redemption Price” means, with respect to any Series 2015A Bond (or portion thereof), 100% of the principal thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

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

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

“Reserve Facility” means any insurance policy, letter of credit or surety bond issued by a Reserve Facility Provider, meeting the requirements of the Indenture described below under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” and delivered to the Trustee in satisfaction of all or a portion of the Bond Reserve Requirement applicable to one or more Series of Bonds.

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

“Revenues” means: (i) all Sales Tax Revenues; (ii) all investment earnings on amounts held by the Trustee in the funds and accounts established under the Indenture, excluding amounts deposited to the Rebate Fund, any Letter of Credit Fund and any Purchase Fund; (iii) all Swap Revenues; and (iv) all Subsidy Payments. In accordance with the provisions of the Indenture described below under the caption “Issuance of Additional Bonds and Other Obligations,” the Authority by Supplemental Indenture may provide for additional revenues or assets of the Authority to be included in the definition of Revenues.

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

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

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

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

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

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

“Series 2015A Bonds” or “Series 2015 Bonds” means the Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds), authorized by, and at any time Outstanding pursuant to, the Indenture.

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

“Standard & Poor’s” or “S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” or “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority with notice to the Liquidity Facility Provider, if any.

“State” means the State of California.

“State Board of Equalization” means the California State Board of Equalization.

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

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

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

“Swap Revenues” means all amounts owed or paid to the Authority by any Counterparty under any Interest Rate Swap Agreement after offset for amounts owed or paid by the Authority to such Counterparty under such Interest Rate Swap Agreement.

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

“Tax Expiration Date” means March 31, 2039 or such later date to which the levy of the 2004 Measure A Sales Tax is extended in accordance with the Act.

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

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

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

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

“2015A Liquidity Facility” means the Standby Bond Purchase Agreement, dated as of the Issue Date, among the Authority, the Trustee and Mizuho Bank, Ltd., acting through its New York Branch, as supplemented and amended pursuant to its terms, or any agreement pursuant to which an Alternate Liquidity Facility is provided with respect to the Series 2015A Bonds.

“2015A Liquidity Facility Bonds” means Liquidity Facility Bonds consisting of any Series 2015A Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) the 2015A Liquidity Facility as provided in the Indenture, but excluding any Bonds no longer considered to be 2015A Liquidity Facility Bonds in accordance with the terms of the 2015A Liquidity Facility and the Indenture.

“2015A Liquidity Provider” means Mizuho Bank, Ltd., acting through its New York Branch, or any commercial bank or other financial institution providing an Alternate Liquidity Facility as requested by the Authority in replacement of or substitution for the 2015A Liquidity Facility.

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

Pledge of Revenues; Revenue Fund

The Authority shall cause Sales Tax Revenues to be transmitted by the State Board of Equalization directly to the Trustee. The Trustee shall forthwith deposit in a trust fund, designated as the "Revenue Fund," which fund the Trustee shall establish and maintain, all Sales Tax Revenues, when and as received by the Trustee.

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

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

All Revenues (other than Sales Tax Revenues) shall also be deposited in the Revenue Fund. The Trustee shall hold all funds and accounts established under the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds), and all investments, money, instruments and other property credited thereto or on deposit therein, in trust for the benefit of the holders of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations as their interests may appear under the Indenture. Such property shall be applied solely as provided in the Indenture. The Bonds are limited obligations of the Authority and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Sales Tax Revenues and other Revenues pledged under the Indenture.

Allocation of Sales Tax Revenues

So long as any Bonds are Outstanding and Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and all other amounts payable under the Indenture remain unpaid, the Trustee shall set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Holders of the Bonds and, as and to the extent applicable, the holders of Parity Obligations, Subordinate Obligations and Fee and Expense Obligations) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that (i) on a parity with such deposits the Trustee may set aside or transfer amounts with respect to any outstanding Parity Obligations as provided in the proceedings for such Parity Obligations delivered to the Trustee pursuant to the Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Parity Obligations), (ii) payments on Interest Rate Swap Agreements that constitute Parity Obligations shall be payable from the Interest Fund and the required deposits below shall be adjusted to include payments on such Interest Rate Swap Agreements in accordance with the Indenture (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with

respect to the Bonds and such Parity Obligations) and (iii) in the event any of the deposits or transfers requires more than one such deposit or payment and there is not then on deposit in the Revenue Fund sufficient moneys to make all such deposits and payments, then such deposits and payments shall be made pro rata (based on the total amount of such deposits and payments then due) to the extent of available moneys.

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

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

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

deposit in the Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment over any other such payment.

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

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

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

Reserve Funds. Upon the occurrence of any deficiency in any Reserve Fund, the Trustee shall make such deposit to the Reserve Fund, as is required pursuant to the provisions of the Indenture described below under the caption “Establishment and Application of Funds and Accounts – Reserve Funds,” each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement.

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

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

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

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

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

Establishment and Application of Funds and Accounts

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

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

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

The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds of each Series and maturity, designated as the “_____ Sinking Account,” inserting therein the Series and maturity designation of such Bonds. On or before the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment (being the principal thereof, in the case of Current Interest Bonds, and the

Accreted Value, in the case of Capital Appreciation Bonds) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in the Indenture or the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the Authority, apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the Authority, except that the purchase price (excluding accrued interest, in the case of Current Interest Bonds) shall not exceed the principal amount or Accreted Value thereof. If, during the 12-month period (or six-month period with respect to Bonds having semi-annual Mandatory Sinking Account Payments) immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Authority has deposited Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Term Bonds purchased or deposited pursuant to this subsection shall be cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to the Authority by the Trustee. Any amounts remaining in a Sinking Account on October 1 of each year following the redemption as of such date of the Term Bonds for which such account was established shall be withdrawn by the Trustee and transferred as soon as practicable to the Authority to be used for any lawful purpose. All Term Bonds purchased from a Sinking Account or deposited by the Authority with the Trustee in a twelve month period ending September 30 (or in a six-month period ending March 31 or September 30 with respect to Bonds having semi-annual Mandatory Sinking Account Payments) and prior to the giving of notice by the Trustee for redemption from Mandatory Sinking Account Payments for such period shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, if any, occurring on the next April 1 or October 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Authority. All Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Authority.

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

In lieu of making the Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the Authority), or in substitution of any Reserve Facility comprising part of the Bond Reserve Requirement relating to one or more Series of Bonds, the Authority may, at any time and from time to time, deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated at the time of delivery of such letter of credit in one of the two highest Rating Categories of Moody's and Standard & Poor's, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in the next paragraph, then on deposit in the Reserve Fund, will equal the applicable Bond Reserve Requirement. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the Bonds in connection with which such letter of credit

was obtained and shall provide by its terms that it may be drawn upon as provided in the Indenture as described in this paragraph. At least one (1) year prior to the stated expiration of such letter of credit, the Authority shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least one (1) additional year or, if less, the final maturity of the Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of the Indenture as described in the next paragraph. Upon delivery of such replacement Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Authority. If the Authority shall fail to deposit a replacement Reserve Facility with the Trustee, the Authority shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the applicable Bond Reserve Requirement will be on deposit in the Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the applicable Bond Reserve Requirement as of the date following the expiration of the letter of credit is not on deposit in the Reserve Fund one (1) week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in the Reserve Fund.

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

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

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

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

Unless the Authority shall otherwise direct in writing, any amounts in the Reserve Fund in excess of the applicable Bond Reserve Requirement shall be transferred by the Trustee to the Authority on the Business Day following October 1 of each year; provided that such amounts shall be transferred only from the portion of the Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in the Reserve Fund shall be transferred by the Trustee to the Authority (i) upon the defeasance, retirement or refunding of Bonds of the Series to which such Reserve Fund relates provided that such transfer shall not be made unless (a) immediately thereafter all of the Bonds to which the Reserve Fund relates shall be deemed to have been paid pursuant to the defeasance provisions of the Indenture, or (b) the amount remaining in the Reserve Fund after such transfer shall not be less than the applicable Bond Reserve Requirement or (ii) upon the replacement of cash on deposit in the Reserve Fund with one or more Reserve Facilities in accordance with the Indenture as described in the second and third paragraphs of this section, subject in the case of both clauses (i) and (ii) to the requirements of the applicable Tax Certificate.

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

Fees and Expenses Fund. All amounts in the Fees and Expenses Fund shall be used and withdrawn by the Trustee solely for the purpose of paying fees, expenses and similar charges owed by the Authority in connection with the Bonds or any Parity Obligations or Subordinate Obligations (including termination payments on any Interest Rate Swap Agreement) as such amounts shall become due and payable.

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

allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the Authority.

Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the applicable Tax Certificate.

Payment Provisions Applicable to Interest Rate Swap Agreements

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

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

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

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

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

Investment in Funds and Accounts

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

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

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

Issuance of Additional Bonds and Other Obligations

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

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

(B) The Supplemental Indenture providing for the issuance of such Series shall state whether the Bonds of such Series are Participating Bonds. If the Bonds of such Series are Participating Bonds, the Supplemental Indenture shall require a deposit of the amount, if any, necessary to increase the amount on deposit in the Bond Reserve Fund to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Participating Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds. Subject to the provisions of the Indenture described above under the caption "Establishment and Application of Funds and Accounts – Reserve Funds," in the event a Supplemental Indenture providing for the issuance of such Series shall require either (i) the establishment of a Bond Series Reserve Fund to provide additional security for such Series of Bonds, or (ii) that the balance on deposit in an existing Bond Series Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such Series, to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond Series Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds, the Supplemental Indenture providing for the issuance of such additional Series of Bonds shall require deposit of the amount necessary. Said deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Bonds and may be made from the proceeds of the sale of such Series of Bonds or from other funds of the Authority or from both such sources or may be made in the form of a Reserve Facility.

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

(D) The Authority shall deliver to the Trustee a Certificate of the Authority certifying that the lesser of (i) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (ii) the estimated Sales Tax Revenues for the Fiscal Year in which such Series of Bonds are to be issued, shall have been, or will be, as applicable, at least equal to 1.8 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based. In the event that there has not yet been a full twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months or full Fiscal Year of Sales Tax Revenues for purposes of making the calculation in the preceding sentence, the Authority may use the original Measure A Sales Tax Revenues as a proxy.

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

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

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

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture described in paragraph (D) of the previous section; provided that the Trustee shall have been provided with a Certificate of the Authority to the effect that the Authority has determined that Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds Outstanding and all Parity Obligations outstanding prior to the issuance of such Refunding Bonds. Such Refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

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

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

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

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

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

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

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

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

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

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

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

Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations. The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Sales Tax Revenues except as set forth below.

- (A) Bonds authorized pursuant to the Indenture, as described above under the caption "Issuance of Additional Bonds."

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

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

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

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

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

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

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

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

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

(3) Such Subordinate Obligations are being issued or incurred either (i) for purposes of refunding in compliance with the requirements for the issuance of Refunding Bonds or (ii) the Authority shall deliver to the Trustee a Certificate of the Authority certifying that the lesser of (x) the amounts of Sales Tax Revenues for a period of twelve (12) consecutive months (selected by the Authority) during the eighteen (18) months immediately preceding the date on which such additional Series of Bonds will become Outstanding, or (y) the estimated Sales Tax Revenues for the Fiscal Year in which such Subordinate Obligations are to be issued or incurred, shall have been, or will be, as applicable, at least equal to 1.0 times Maximum Annual Debt Service, on all Series of Bonds and Parity Obligations then Outstanding and the additional Subordinate Obligations then proposed to be issued or incurred, which Certificate shall also set forth the computations upon which such Certificate is based; provided, however that if the Subordinate Obligation being issued or incurred consists of an Interest Rate Swap Agreement (excluding fees and expenses and termination payments on such Interest Rate Swap Agreement), the Authority shall be deemed to have complied with the foregoing requirements of the Indenture as described in this section, as evidenced by a Certificate of the Authority delivered to the Trustee, which Certificate shall also set forth the computations upon which such Certificate is based, to the extent that the Series of Bonds, Parity Obligations or Subordinate Obligations to which the Interest Rate Swap Agreement relates (x) satisfies the foregoing requirements of the Indenture as described above after taking into account the adjustment of Debt Service on the Bonds, Parity Obligations or Subordinate Obligations to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into concurrently with, or subsequent to, the issuance of

such Bonds, Parity Obligations or Subordinate Obligations), or (y) is expected to satisfy the requirements of the Indenture as described in this paragraph after taking into account the adjustment of Debt Service on the Bonds or Subordinate Obligations to reflect the impact of the Interest Rate Swap Agreement (in the case of Interest Rate Swap Agreements entered into in advance of the issuance of such Bonds or Subordinate Obligations); and

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

(E) Fee and Expense Obligations.

Calculation of Maximum Annual Debt Service with Respect to Bonds and Parity Obligations.

Maximum Annual Debt Service with respect to Bonds shall be determined no later than the date of delivery of such Bonds, and no earlier than the sixtieth (60th) day preceding the date of pricing or sale of such Bonds, utilizing the assumptions set forth in the definition of Debt Service. Maximum Annual Debt Service with respect to Parity Obligations shall be determined no later than the date of incurrence of such Parity Obligations utilizing the assumptions set forth in the definition of Debt Service; provided, however, that if a Parity Obligation is contingent upon funds being provided pursuant to such Parity Obligation to pay principal, or purchase price of, or interest on a Bond, such Parity Obligations shall not be considered outstanding until such payment is made thereunder.

Designation of Parity Obligations and Fee and Expense Obligations

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

Certain Covenants of the Authority

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

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

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

Collection of Sales Tax Revenues. The Authority covenants and agrees that it has duly levied the 2004 Measure A Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Authority and the electorate of the County of Sacramento. Said Ordinance has not and will not be amended, modified or altered so long as any of the Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Authority will continue to levy and collect the 2004 Measure A Sales Tax to the full amount permitted by law. The Authority has entered into an agreement (the “2007 Agreement”) with the State Board of Equalization under and pursuant to which the State Board of Equalization has agreed to process and supervise collection of the 2004 Measure A Sales Tax and transmit the Sales Tax Revenues directly to Deutsche Bank National Trust Company, as trustee under the Prior Indenture. The Authority covenants to amend the 2007 Agreement as soon as practicable to provide that the Sales Tax Revenues will be transmitted directly to the Trustee and until that amended agreement is in effect, Deutsche Bank National Trust Company agrees to deposit the Sales Tax Revenues received under the 2007 Agreement in accordance with the provisions of the Indenture. Said agreement with the State Board of Equalization (whether the 2007 Agreement or any amendment or replacement agreement) will be continued in effect so long as any of any Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid and shall not be further amended, modified or altered without the written consent of the Trustee so long as any of the Bonds are Outstanding. The Authority will receive and hold in trust for (and remit immediately to) the Trustee any Sales Tax Revenues paid to the Authority by the State Board of Equalization. Sales Tax Revenues received by the Trustee shall be transmitted to the Authority pursuant to the Indenture; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied in accordance with the provisions of the Indenture described below under the caption “Events of Default and Remedies – Application of Revenues and Other Funds After Default; No Acceleration.”. The Authority covenants and agrees to separately account for all Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances. The Authority covenants that so long as the Bonds are Outstanding, it will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Act which would materially and adversely affect the rights of Bondholders.

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

Events of Default and Remedies

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

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

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

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

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

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

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

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

(H) if the Legislature of the State shall repeal or amend all or any portion of the provisions of the Act relating to the retail transactions and use tax, being Sections 180200 to 180207, inclusive, of the Public Utilities Code of the State unless the Authority has determined that said repeal or amendment does not materially and adversely affect the rights of Bondholders; or

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

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

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

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

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

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

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

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

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

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

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

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

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

Modification or Amendment to the Indenture

Amendments Permitted With Consent of Holders. The Indenture and the rights and obligations of the Authority, the Holders of the Bonds and the Trustee may be modified or amended by a Supplemental Indenture, which the Authority and the Trustee may enter into when the written consent of the Holders of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding. The Credit Enhancement Provider for a Series of Bonds shall be deemed to be the Holder of such Series for all purposes of the Indenture except the payment of principal of and interest on the Bonds.

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

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

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

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

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

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

(5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Build America Bonds, Capital Appreciation Bonds, Parity Obligations, Subordinate Obligations, Fee and Expense Obligations or Variable Rate Indebtedness, with such interest rate, payment, maturity and other terms as the Authority may deem desirable; subject to the provisions of the Indenture relating to the Issuance of Additional Bonds or Issuance of Refunding Bonds;

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

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

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

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

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

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

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

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

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

Defeasance

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

(A) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when they become due and payable;

(B) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture as described below under the caption "Deposit of Money or Securities") to pay or redeem such Outstanding Bonds; or

(C) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

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

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

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

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

Notwithstanding anything to the contrary, if the principal of or interest on a Series of Bonds shall be paid by a Credit Enhancement Provider pursuant to the Credit Enhancement issued in connection with such Series of Bonds, the obligations of the Authority shall not be deemed to be satisfied or considered paid by the Authority by virtue of such payments, and the right, title and interest of the Authority in the Indenture and the obligations of the Authority under the Indenture shall not be discharged and shall continue to exist and to run to the benefit of such Credit Enhancement Provider, and such Credit Enhancement Provider shall be subrogated to the rights of the Holders of the Bonds of such Series.

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

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

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

Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Bond and remaining unclaimed for one (1) year after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in the Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such principal, Redemption Price or interest on any Bond if such moneys were deposited after the date when such Bond became due and payable, shall be repaid to the Authority free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail to the Holders of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Holders thereof and the Trustee shall not be required to pay Holders any interest on, or be liable to the Holders or any other person (other than the Authority) for interest earned on, moneys so held. Any interest earned thereon shall belong to the Authority and shall be deposited upon receipt by the Trustee into the Revenue Fund.

Disqualified Bonds

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

Waiver of Personal Liability

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

2015A Liquidity Facility; Liquidity Facility Bonds

Unless all the Outstanding Series 2015A Bonds are 2015A Liquidity Facility Bonds, the Authority shall provide, or cause to be provided, to the Trustee the 2015A Liquidity Facility for the Series 2015A Bonds. The Authority shall not reduce the amount of the 2015A Liquidity Facility or permit a substitution of the 2015A Liquidity Provider thereunder without obtaining a Rating Confirmation with respect to such action unless such action is considered a substitution of the 2015A Liquidity Facility subjecting the Series 2015A Bonds affected thereby to mandatory purchase pursuant to the Indenture. The Authority shall have the right at any time to provide, pursuant to the Indenture, as described in the next section, an Alternate Liquidity Facility for the 2015A Liquidity Facility then in effect. If there shall have been delivered to the Trustee (i) an Alternate Liquidity Facility meeting the requirements of the Indenture (described below) and (ii) the opinions and documents required by the Indenture (described below), then the Trustee shall accept such Alternate Liquidity Facility and, if so directed by the Authority, on or after the effective date of such Alternate Liquidity Facility promptly surrender the 2015A Liquidity Facility being so substituted in accordance with the respective terms thereof for cancellation; provided the Trustee shall not surrender the 2015A Liquidity Facility until all draws or requests to purchase Series 2015A Bonds made under the 2015A Liquidity Facility have been honored in accordance with the terms thereof, including all draws required to be made in connection with such substitution. In the event that the Authority elects to provide an Alternate Liquidity Facility for the Series 2015A Bonds, the Series 2015A Bonds shall be subject to the mandatory tender provisions of the Indenture. Notwithstanding the foregoing, if at any time there shall cease to be any Series 2015A Bonds Outstanding or if all the Outstanding Series 2015A Bonds have been converted to a Rate Period for which the 2015A Liquidity Facility does not apply, or the 2015A Liquidity Facility shall be terminated pursuant to its terms, the Trustee shall promptly surrender the 2015A Liquidity Facility in accordance with its terms for cancellation. The Trustee shall comply with the procedures set forth in the 2015A Liquidity Facility relating to the termination thereof.

Alternate Liquidity Facilities

So long as the Series 2015A Bonds bear interest at a Daily Rate or Weekly Rate, on or prior to the expiration in accordance with its terms (the “Expiration”) or termination of the existing 2015A Liquidity Facility, including any renewals or extensions thereof (other than an Expiration of the 2015A Liquidity Facility at the final maturity of the Series 2015A Bonds to which the 2015A Liquidity Facility relates), the Authority shall provide to the Trustee (with a copy to the Remarketing Agent) a renewal or extension of the term of the existing 2015A Liquidity Facility for the Series 2015A Bonds or an Alternate Liquidity Facility for the Series 2015A Bonds meeting the requirements set forth below in the penultimate paragraph of this section.

The Authority may at any time provide an Alternate Liquidity Facility for the Series 2015A Bonds in accordance with the provisions of the Indenture and upon delivery to the Trustee of the items described below in the last paragraph of this section.

Any such Alternate Liquidity Facility must meet the following conditions: (i) the obligations of the 2015A Liquidity Provider under an Alternate Liquidity Facility to purchase Series 2015A Bonds or otherwise provide for the Purchase Price of Series 2015A Bonds tendered or deemed tendered pursuant to the Indenture shall not be subject to suspension or termination on less than fifteen (15) days’ notice to the Authority and the Trustee; provided, however, that the obligations of a 2015A Liquidity Provider to purchase Series 2015A Bonds or otherwise provide for the Purchase Price of such Series 2015A Bonds may be immediately suspended or terminated (A) without such notice upon the occurrence of such events as may be provided in a 2015A Liquidity Facility and which are disclosed to the Holders of the Series 2015A Bonds in connection with the provision of the 2015A Liquidity Facility or, (B) if applicable, upon the remarketing of the Series 2015A Bonds upon the mandatory tender thereof as a result of provision of such Alternate Liquidity Facility pursuant to the Indenture; (ii) such Alternate Liquidity Facility must take effect on or before the Purchase Date for the Series 2015A Bonds established pursuant to the Indenture; (iii) such Alternate Liquidity Facility shall provide for the purchase of all 2015A Liquidity Facility Bonds held by the 2015A Liquidity Provider being replaced by the Alternate Liquidity Facility on the date of delivery of such Alternate Liquidity Facility; and (iv) such Alternate Liquidity Facility must be in an amount sufficient to pay the maximum Purchase Price of the Series 2015A Bonds which will be applicable during the Rate Period commencing on such substitution.

Prior to the date of the delivery of such Alternate Liquidity Facility to the Trustee, the Authority shall cause to be furnished to the Trustee (i) a Favorable Opinion of Bond Counsel addressed to the Trustee relating to the delivery of such Alternate Liquidity Facility to the Trustee and (ii) an opinion or opinions of counsel to the 2015A Liquidity Provider for such Alternate Liquidity Facility addressed to the Trustee, to the effect that such Alternate Liquidity Facility has been duly authorized, executed and delivered by the 2015A Liquidity Provider and constitutes the valid, legal and binding obligation of such Liquidity Provider enforceable against such Liquidity Provider in accordance with its terms and (iii) if the affected Series 2015A Bonds are not subject to mandatory tender for purchase, the Rating Confirmation required by the Indenture. The Trustee shall give notice by first class mail to the Holders of the affected Series 2015A Bonds of the proposed substitution of the 2015A Liquidity Facility not later than the fifteenth (15th) day prior to the substitution date.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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

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

Unless a successor securities depository is designated pursuant to the Indenture, DTC acts as Securities Depository for the Series 2015 Bonds. The Series 2015 Bonds were delivered as fully-registered securities, registered in the name of Cede & Co., DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015 Bond will be delivered for the Series 2015 Bonds and deposited with DTC.

DTC and Its Participants. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing corporation” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfer and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of the Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2015 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in the Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Other Communications. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. THE AUTHORITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2015 BONDS.

Redemption notices shall be sent to DTC. If less than all of the Series 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting Rights. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption Proceeds. Payments of principal and interest with respect to the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on interest payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the interest payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE TRUSTEE AND THE AUTHORITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2015 BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF SERIES 2015 BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED

BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE SERIES 2015 BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE SERIES 2015 BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2015 BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2015 BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2015 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE SERIES 2015 BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2015 BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION “TAX MATTERS” HEREIN)

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2015 Bonds, payment of principal and interest with respect to the Series 2015 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial owner interest in such Series 2015 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2015 Bonds are required to be printed and delivered as described in the Indenture.

The Authority may decide to discontinue use of the system of book entry-only transfers through DTC (or a successor securities depository). In that event, Series 2015 Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Series 2015 Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee’s receipt of such request.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

March 12, 2015

Sacramento Transportation Authority
Sacramento, California

Sacramento Transportation Authority
Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of \$106,100,000 aggregate principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, Series 2015A (Limited Tax Bonds) (the “Bonds”), issued pursuant to an indenture, dated as of September 1, 2009 (the “Original Indenture”), as amended and supplemented, including by the First Supplemental Indenture, dated as of September 1, 2009 (the “First Supplemental Indenture”), the Second Supplemental Indenture, dated as of September 1, 2011 (the “Second Supplemental Indenture”), the Third Supplemental Indenture, dated as of July 1, 2012 (the “Third Supplemental Indenture”), the Fourth Supplemental Indenture, dated as of September 1, 2014 (the “Fourth Supplemental Indenture”), and the Fifth Supplemental Indenture, dated as of March 1, 2015 (the “Fifth Supplemental Indenture” and, collectively with the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Original Indenture, the “Indenture”), each between the Authority and U.S. Bank National Association, as successor trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to,

and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local transportation authorities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of all amounts owing on the Bonds, of the Revenues and any other amounts held by the Trustee pursuant to the Indenture (other than the Rebate Fund, all Letter of Credit Funds and all Purchase Funds) subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of March __, 2015, is executed and delivered by the Sacramento Transportation Authority (the “Authority”) in connection with the issuance of \$106,100,000 aggregate principal amount of Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2015A (Limited Tax Bonds) (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of September 1, 2009, as amended and supplemented, including by a First Supplemental Indenture, dated as of September 1, 2009 (the “First Supplemental Indenture”), a Second Supplemental Indenture, dated as of September 1, 2011 (the “Second Supplemental Indenture”), a Third Supplemental Indenture, dated as of July 1, 2012 (the “Third Supplemental Indenture”), a Fourth Supplemental Indenture, dated as of September 1, 2014 (the “Fourth Supplemental Indenture”) and a Fifth Supplemental Indenture, dated as of March 1, 2015 (the “Fifth Supplemental Indenture” and collectively with the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture and any further supplements and amendments, the “Indenture”), between the Authority and U.S. Bank National Association, as successor trustee (the “Trustee”). Pursuant to the Indenture, the Authority covenants and agrees as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

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

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

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

“State” shall mean the State of California.

“SEC” shall mean the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, not later than 270 days after the end of the Authority’s fiscal year, commencing with the fiscal year ending June 30, 2015, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent. The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority.

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

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report ; and

(ii) (if the Dissemination Agent is other than the Authority), to the extent appropriate information is available to it, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided .

(e) Notwithstanding any other provision of this Disclosure Certificate, the filing of the Annual Report due after the Annual Report for fiscal year ending June 30, 2014 shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), which have been submitted to the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority shall provide (or cause to be provided) notice to the MSRB of the occurrence of any of the following events numbered 1-9 with respect to Bonds in a timely manner but not later than ten business days after the occurrence of the event. The notice shall be in an electric format and contain such identifying information as is prescribed by the MSRB.

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

- (7) Defeasances;
- (8) Rating changes; or
- (9) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

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

- (10) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of Bonds or other material events affecting the tax status of Bonds;
- (11) Modifications to rights of Bondholders;
- (12) Bond calls;
- (13) Release, substitution, or sale of property securing repayment of Bonds;
- (14) Non-payment related defaults;
- (15) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
- (16) Appointment of a successor or additional trustee or the change of name of a trustee.

Note:

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

(c) The Authority acknowledges that it must make a determination whether a Specified Event listed in subsection (b) is material under applicable federal securities laws in order to determine whether a filing is required under subsection (b).

SECTION 6. Termination of Reporting Obligation. The obligations of the Authority and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(f) hereof.

SECTION 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days' notice in writing to the Authority.

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions, as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in connection with the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and

advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Distract, the Bondholders, or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SACRAMENTO
TRANSPORTATION AUTHORITY

By: _____

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

By: _____

EXHIBIT A
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento Transportation Authority

Name of Bond Issue: \$106,100,000 Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds, Series 2015A (Limited Tax Bonds)

Date of Issuance: March __, 2015

NOTICE IS HEREBY GIVEN that the Sacramento Transportation Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by that certain to an Indenture, dated as of September 1, 2009, as amended and supplemented, including by a First Supplemental Indenture, dated as of September 1, 2009 (the "First Supplemental Indenture"), a Second Supplemental Indenture, dated as of September 1, 2011 (the "Second Supplemental Indenture"), a Third Supplemental Indenture, dated as of July 1, 2012 (the "Third Supplemental Indenture"), a Fourth Supplemental Indenture, dated as of September 1, 2014 (the "Fourth Supplemental Indenture") and a Fifth Supplemental Indenture, dated as of March 1, 2015 (the "Fifth Supplemental Indenture" and collectively with the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture and any further supplements and amendments, the "Indenture"), between the Authority and U.S. Bank National Association, as successor trustee. The Authority anticipates that the Annual Report will be filed by U.S. Bank National Association.

Dated:

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

By: _____

Its: _____

cc: Sacramento Transportation Authority

APPENDIX G

THE 2015 LIQUIDITY FACILITY PROVIDER

Mizuho Bank, Ltd. (“Mizuho”) is a corporation organized under the laws of Japan and a wholly-owned subsidiary of Mizuho Financial Group, Inc. (“MFG”), a corporation organized under the laws of Japan).

Mizuho is one of the world’s leading commercial banks and provides comprehensive and sophisticated financial services to clients, including large multinational corporations, financial institutions, public sector and not-for-profit entities, medium and small-sized enterprises, and large and middle-market corporations in Japan. Mizuho meets the needs of its customers by utilizing its strengths including its broad customer base, financial expertise, and domestic and international office network which cover major cities in and outside Japan. Mizuho offers various commercial banking services including deposits, bank debentures, lending (including non-recourse loans and commitment facilities), foreign exchange, derivatives, payment and settlement services (including bill/cheque clearing, payment and others), e-solution businesses (including cash management services and debit cards), corporate bond trustee services, investment trusts, defined contribution pension business, treasury services and syndicated loans, among others.

Mizuho’s New York branch (the “New York Branch”) is licensed by the Banking Department of the State of New York as a branch to transact banking business in New York. The New York Branch is subject to supervision, examination and regulation by the New York State Banking Department and the Federal Reserve Board.

The long-term credit ratings of Mizuho by Moody’s, Standard & Poor’s and Fitch are A1, A+ and A-, respectively, and the short-term credit ratings of Mizuho by Moody’s, Standard & Poor’s, and Fitch are P-1, A-1 and F1, respectively.

A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. A rating is subject to revision or withdrawal at any time by the assigning rating organization.

Additional information, including the most recent annual report of MFG (the “Annual Securities Report”) and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the “SEC”) may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to Mizuho Bank, Ltd., 1251 Avenue of the Americas, New York, New York 10020. This and other information is also available at www.mizuhobank.com and at the SEC’s website at www.sec.gov.

THE 2015 LIQUIDITY FACILITY IS AN OBLIGATION OF MIZUHO AND IS NOT AN OBLIGATION OF MFG. NO SUBSIDIARY OR AFFILIATE CONTROLLED BY MFG, EXCEPT MIZUHO, IS OBLIGATED TO MAKE PAYMENTS UNDER THE 2015 LIQUIDITY FACILITY.

The information contained in this Appendix G relates to and has been obtained from Mizuho, and is furnished solely to provide limited introductory information regarding Mizuho, and does not purport to be comprehensive. Any financial information provided in this Appendix G is qualified in its entirety by the detailed information appearing in the Annual Securities Report referenced above. The information set forth in this Appendix G shall not create any implication that there has been no change in the affairs of Mizuho since the date of this Official Statement, or that the information contained or referred to in this Appendix G is correct as of any time subsequent to its date.

MIZUHO HAS PROVIDED THE INFORMATION SET FORTH IN THIS APPENDIX G FOR INCLUSION IN THIS OFFICIAL STATEMENT AND HAS NOT PROVIDED ANY OTHER INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT. MIZUHO HAS NOT REVIEWED AND DOES NOT GUARANTEE THE ACCURACY OF ANY INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT OTHER THAN THE INFORMATION WITH RESPECT TO MIZUHO SET FORTH IN THIS APPENDIX G.



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272