

STAFF REPORT FOR CALENDAR ITEM NO.: 16
FOR THE MEETING OF: March 12, 2020

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Approving the issuance of not to exceed \$315,000,000 of tax allocation bonds to refinance the TIFIA Loan, repay all or a portion of the City Financing (as needed), and finance additional costs associated with the construction and design of the Transbay Terminal Project, including, but not limited to, payment of judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction or design activities; declaring its official intent to use a portion of the proceeds of the tax-exempt bonds to reimburse itself for certain expenditures made prior to the issuance of such bonds; approving the execution and delivery of various documents in connection with the offering and sale of such bonds; and authorizing the taking of certain other actions related thereto.

EXPLANATION:

The Transbay Joint Powers Authority (“TJPA”) was established for the purpose, among others, of financing, designing, developing, constructing, and operating a regional transit hub and related structures and ramps commonly known as the Transbay Program. The Transbay Program consists of three interconnected elements: (1) replacing the former Transbay Terminal, (2) extending Caltrain and future-planned California High-Speed Rail underground from Caltrain’s current terminus at 4th and King Streets into the new downtown Salesforce Transit Center, and (3) creating a new neighborhood with homes, offices, parks, and shops surrounding the Salesforce Transit Center (clauses (1) and (2) above are collectively referred to as the “Transbay Terminal Project”).

TJPA proposes to issue not to exceed \$315,000,000 of tax allocation bonds (“Series 2020 Bonds”) supported by the pledge of Net Tax Increment attributable to the former State-Owned Parcels (described further below). The Series 2020 Bonds proceeds may be used to: refinance a TIFIA Loan in full (described further below); repay all or a portion of the City Financing (as needed) (described further below); finance additional costs associated with the construction and design of the Transbay Terminal Project, including, but not limited to, payment of judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction or design activities; establish a capital replacement reserve fund for the Transbay Terminal Project; reimburse the Phase 1 program reserves, with such funds reserved for additional costs associated with the construction or design of the Transbay Terminal Project; finance certain tenant improvements; fund interest on the bonds; pay the premium for certain municipal bond insurance policies; fund certain reserve funds associated with the bonds; and finance costs of issuance associated with the bonds.

Through the issuance of the Series 2020 Bonds, TJPA expects to achieve significant cost savings over the existing TIFIA Loan. Based on the current market, estimates are that refinancing the

TIFIA Loan would generate on the order of over \$20 million net present value savings, which is in excess of 10% net present value savings as a percentage of the refunded obligation.¹

The Series 2020 Bonds will be underwritten by a syndicate of investment banks as further described below.

Existing Obligations

TIFIA Loan

In 2010, TJPA closed a loan in a principal amount up to \$171 million with the United States Department of Transportation, acting by and through the Federal Highway Administrator, under the Transportation Infrastructure Finance and Innovation Act of 1998 (“TIFIA”) to finance a portion of the costs of the Transbay Terminal Project. The TIFIA loan agreement was subsequently amended to allow for a certain bridge financing, a direct loan with principal amount of \$171 million, which closed in 2015 and was repaid in full in 2016. It was further amended to allow for a certain at-parity interim financing, the City Financing (discussed further below).

Highlights of the TIFIA Loan include:

- The interest rate for the loan is 4.57%. Interest under the loan was capitalized until February 1, 2020.
- Principal payments under the TIFIA Loan commence February 2025. The final maturity date is February 1, 2051. The TIFIA Loan may be repaid early without penalty.
- Revenues pledged as security for the TIFIA Loan consist primarily of Net Tax Increment, which are property taxes net of certain administrative costs, statutory pass-throughs and 20% affordable housing set-aside, attributable to certain former State Owned Parcels in the Transbay Redevelopment Area. The State of California Department of Transportation agreed to convey the former State Owned Parcels at no cost to support development of the Transbay Terminal Project. The City and County of San Francisco (“City”) and the Office of Community Investment and Infrastructure (“OCII”) (as successor to the former Redevelopment Agency) irrevocably pledged the Net Tax Increment attributable to the former State Owned Parcels to TJPA for costs associated with design and construction of the Transbay Terminal Project.

TJPA took its first draw under the TIFIA Loan in December 2016. In November 2018, TJPA submitted its final disbursement request, at which point the TIFIA Loan was fully drawn. On February 1, 2020, TJPA made its first interest payment on the TIFIA Loan and a mandatory prepayment of principal in the aggregate amount of \$12,262,666. As of February 1, 2020, after such payments, the total outstanding balance of the TIFIA Loan was \$178,891,106.

A portion of the net proceeds of the Series 2020 Bonds are expected to refinance the TIFIA Loan in full.

¹ Subject to market conditions at the time of sale.

Based on the current market, estimates are that refinancing the TIFIA Loan would generate significant cash savings over the existing TIFIA Loan, on the order of over \$20 million net present value savings, which is in excess of 10% net present value savings as a percentage of the refunded obligation.²

City Financing

In 2016, TJPA approved the terms and conditions for interim financing of a portion of the Transbay Terminal Project by the City, in partnership with the Bay Area Toll Authority (“BATA”) (“City Financing”). The City Financing closed in 2017. Under the City Financing, the City issued short-term variable rate notes (“COPs”) under a lease leaseback structure with TJPA, at the times and in the amounts necessary to meet required transit center construction funding requirements.

Under the initial structure, a portion (up to \$100 million) of the COPs were placed with BATA, and a portion (up to \$160 million) were placed with Wells Fargo. Based on Phase 1 construction period needs, the City began drawing under the Wells Fargo facility in March 2017 and provided such proceeds to TJPA. The City has drawn \$103 million under the Wells Fargo facility only. No further draws under the Wells Fargo facility have been made. No draws have been made under the BATA facility, and it is no longer in place. TJPA expects to make no further draws for construction under the City Financing.

Highlights of the City Financing include:

- Under the Wells Fargo facility, the City pays interest based on one-month LIBOR plus a credit margin (currently 56 bps) on the outstanding balance and commitment fees of (20 bps) on the undrawn portion of the facility and other related costs.
- TJPA repays the City in the form of rental payments to cover COP interest and fees. TJPA uses Net Tax Increment proceeds to make this payment.
- TJPA’s rental payment obligations to the City under the City Financing are also secured primarily by Net Tax Increment attributable to the former State Owned Parcels on parity with the TIFIA Loan.
- TJPA pays the City and the City pays Wells Fargo an amount equal to interest, and commitment fees, if any, on quarterly payment dates, the first business day of each of March, June, September and December.
- The Wells Fargo commitment expiration date (the “Term-out Commencement Date”) was initially January 10, 2020. From the Term-out Commencement Date, principal repayments of the remaining outstanding balance, if any, are required to be made in equal quarterly installments (as nearly as possible) such that the balance is repaid in full over a 5-year period.
- The City and Wells Fargo extended the facility on January 10, 2020 for two years such that the Term-out Commencement Date is now January 10, 2022. In addition, the amendment reduced the facility commitment to the amount drawn under the facility, such that commitment fees are no longer payable.

² Subject to market conditions at the time of sale.

In March 2019, TJPA repaid \$25 million of the \$103 million principal then outstanding under the City Financing from proceeds TJPA received from the City's second issue of City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) bonds ("Transbay CFD Bonds").³ On January 31, 2020 TJPA repaid a further \$2 million of the principal then outstanding under the City Financing with the proceeds of this same Transbay CFD Bonds issuance. As of January 31, 2020, after such payment, the total outstanding balance of the City Financing was \$76 million.

TJPA staff understands that City staff plans to request approval to complete a third issuance of Transbay CFD Bonds prior to the close of the TJPA's Series 2020 Bonds. If approved, the proceeds from this third issuance are planned to repay the outstanding City Financing, in part or in full depending on the amount of proceeds received from the third issuance. TJPA is expected to repay the remainder of the City Financing, if any, with a portion of the net proceeds of the TJPA's Series 2020 Bonds.

Interest Rate Caps

As part of the requirements under the TIFIA Loan amendment, TJPA purchased interest rate caps to hedge against the risk of increasing interest rates under the City Financing. These caps are currently in place. Once the TIFIA Loan and City Financing are repaid, there will be no requirement that the TJPA maintain the interest rate caps and, consistent with the TJPA Board's August 2016 authorization to the CFO, TJPA may sell these interest rate caps or allow them to expire in accordance with their terms if remaining value is minimal.

Other Use of Proceeds/Plan of Financing

After refinancing the TIFIA Loan and repaying all or a portion of the City Financing (as needed), additional net proceeds generated from the Series 2020 Bonds would be available to finance additional costs associated with construction and design of the Transbay Terminal Project. These costs may include payment of judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction and design activities; establishing a capital replacement reserve fund for the Transbay Terminal Project (as was provided for in the TIFIA loan agreement) (targeted at \$29 million and up to \$40 million depending on market conditions at the time of sale of the bonds); reimbursing the Phase 1 program reserves with such funds reserved for additional costs associated with the construction or design of the Transbay Terminal Project (\$35.5 million); and financing the costs associated with the Tenant Improvements Budget (\$50.5 million) (discussed in detail in companion staff report). Net proceeds may also be applied to fund interest on the bonds; pay the premium for certain municipal bond insurance policies; fund certain reserve funds associated with the bonds; and finance the cost of issuance associated with the bonds.

³ The City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) was established under the City and County of San Francisco's Transit Center District Plan. It was formed in 2014 to raise funds to finance certain public improvements, including the Salesforce Park, the Train Box and the Downtown Rail Extension generally, as well as other capital improvements relating to the development of the area around the Salesforce Transit Center. TJPA is entitled to 82.6% of the total tax proceeds from the Community Facilities District. Those proceeds generally come from the City's issuance of bonds backed by such special taxes.

The planned sources and uses of funds related to the TJPA’s proposed Series 2020 Bonds and the City’s proposed third issuance of CFD 2014-1 Bonds are described in the table below.

Planned Sources and Uses of TJPA and City Proposed 2020 Bond Sales ^a	
Sources	
Bond Proceeds-TJPA Series 2020 Bonds	318,700,000
Bond Proceeds-City CFD 2014-1 Bonds ^b	76,000,000
TOTAL SOURCES	\$394,700,000
Uses	
TIFIA Loan Principal/Interest	181,800,000
City Financing Principal/Interest ^b	76,000,000
Capital Replacement Reserve ^c	29,000,000
Phase 1 Program Reserve	35,500,000
Tenant Improvements	50,500,000
Cost of Issuance	3,300,000
Debt Service Reserve	18,600,000
TOTAL USES	\$394,700,000

Notes:

- a. Subject to market conditions at the time of sale. Amounts are rounded up to the hundred thousands.
- b. Subject to City approval. To the extent CFD bond issuance not approved and/or proceeds of CFD bond issuance not adequate to pay total outstanding balance, the TJPA understands that City would expect the TJPA to repay the remainder the City Financing with a portion of the net proceeds of the TJPA’s Series 2020 Bonds.
- c. Targeted amount could increase up to \$40 million depending on market conditions at the time of sale of the Series 2020 Bonds.

Series 2020 Bonds Issuance

On August 9, 2019, TJPA issued a request for proposals (RFP) from interested underwriters. The RFP was sent to firms in the City’s underwriting pool. TJPA received 11 proposals. Proposals were evaluated based on: approach pertaining to TJPA’s potential debt refinancing; work plan and schedule; the capabilities of the firm in underwriting and marketing tax allocation financings; the experience of key personnel in tax allocation financings; and the indicative cost. The evaluation panel included representatives from the TJPA and Sperry Capital. Following the oral interviews, three firms (the “Underwriters”) were selected for the following roles: Citigroup Global Markets, Inc. as Senior Manager, Stifel, Nicolaus & Company, Inc. as Co-Senior Manager, and Morgan Stanley & Co., LLC as Co-Manager.

TJPA has been advised in this transaction by its municipal advisor, Sperry Capital, Inc.; its fiscal consultants, Seifel Consulting Inc. and Urban Analytics LLC; and its bond and disclosure counsel, Nixon Peabody LLP. The City Controller’s Office and the Controller’s Office of Public Finance have provided support throughout the process.

Key structuring terms for the Series 2020 Bonds include:

- Par amount of bonds not to exceed \$315 million;
- Bonds to be secured by Net Tax Increment attributable to the Former State Owned Parcels transferred from Caltrans (the “Pledged Revenues);
- Pledged Revenues to be held by a trustee in trust for payment of debt service and other obligations;
- Bonds expected to be primarily tax-exempt (with taxable bonds);⁴
- Bonds expected to be a combination of senior and subordinate lien bonds, with senior bonds structured with a targeted minimum debt service coverage ratio of 1.5x⁵ and subordinate bonds to the extent necessary to generate sufficient proceeds;
- Bonds term of up to 30 years;
- Market driven optional and mandatory redemption terms;
- Bonds anticipated to be fixed rate, current interest; and,
- Green bonds via Climate Bonds Initiative third party certification.

The estimated costs of issuance for the Series 2020 Bonds should not exceed 0.550% of the par amount of the Series 2020 Bonds. These funds will cover expenses such as bond and disclosure counsel, municipal advisor, trustee, rating agencies, printer and other transaction related fees.

The estimated underwriter’s discount for the Series 2020 Bonds should not exceed 0.550% of the aggregate par amount of the Series 2020 Bonds. These funds will compensate the underwriting syndicate for selling the Series 2020 Bonds as well as transaction related expenses such as underwriter’s counsel and other syndicate expenses.

Federal tax regulations allow for the reimbursement of capital expenditures from tax-exempt bond or short-term debt proceeds. TJPA intends to reimburse itself from the proceeds of the Series 2020 Bonds to the extent permitted by applicable law for eligible project expenditures paid by TJPA with cash on hand prior to the issuance of the bonds.

The authority to issue the Series 2020 Bonds is expressly conditioned on compliance with the requirements of Government Code section 6586.5, including a noticed public hearing by the City and its approval of the Series 2020 Bonds based on a finding of “significant public benefits”, defined in California Government Code Section 6586 as any one of the following: (a) demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs; (b) significant reductions in effective user charges levied by a local agency; (c) employment benefits from undertaking the project in a timely fashion; or (d) more efficient delivery of local agency services to residential and commercial development. TJPA believes the facts and circumstances here easily support this finding. The approval by TJPA of the issuance of the Series 2020 Bonds is made contingent on the City making the requisite findings and approval of the Series 2020 Bonds.⁶

⁴ Subject to TJPA’s tax counsel final analysis.

⁵ To be determined following completion of discussions with rating agencies.

⁶ This will be the fourth time TJPA has sought the City’s approval under Government Code section 6586.5. The City previously made the requisite approval before the TJPA entered the TIFIA loan, the bridge financing, and the City Financing.

At the current time, TJPA anticipates issuing the Series 2020 Bonds in the second quarter of calendar year 2020 (before June 30).

RECOMMENDATION:

Staff recommends that the Board of Directors approve the issuance of not to exceed \$315 million of Series 2020 Bonds; declare its official intent to use a portion of the proceeds of the tax-exempt bonds to reimburse itself for certain expenditures made prior to the issuance of such bonds; approve the execution and delivery of various documents in connection with the offering and sale of the bonds; and authorizing the taking of certain other actions related thereto.

ENCLOSURES:

1. Resolution
2. Indenture of Trust
3. Purchase Contract
4. Continuing Disclosure Certificate
5. Preliminary Official Statement

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRANSBAY JOINT POWERS AUTHORITY APPROVING THE ISSUANCE OF NOT TO EXCEED \$315 MILLION OF TAX ALLOCATION BONDS (“SERIES 2020 BONDS”); DECLARING ITS OFFICIAL INTENT TO USE A PORTION OF THE PROCEEDS OF TAX-EXEMPT BONDS TO REIMBURSE ITSELF FOR CERTAIN EXPENDITURES MADE PRIOR TO THE ISSUANCE OF SUCH BONDS; APPROVING THE EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF THE BONDS; AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS RELATED THERETO

WHEREAS, The Transbay Joint Powers Authority (the “Authority”) was established for the purpose, among others, of financing, designing, developing, constructing, and operating a regional transit hub and related structures and ramps commonly known as the Transbay Program; and

WHEREAS, The Transbay Program consists of three interconnected elements: (1) replacing the former Transbay Terminal, (2) extending Caltrain and future-planned California High-Speed Rail underground from Caltrain’s current terminus at 4th and King Streets into the new downtown Salesforce Transit Center, and (3) creating a new neighborhood with homes, officers, parks, and shops surround the Salesforce Transit Center (clauses (1) and (2) above are collectively referred to as the “Transbay Terminal Project”); and

WHEREAS, The Authority and the United States Department of Transportation previously entered into a TIFIA Loan Agreement, dated as of January 1, 2010 (as amended, the “TIFIA Loan”), which, as of February 1, 2020, was outstanding in the amount of \$178,891,106; and

WHEREAS, The Authority and the City and County of San Francisco (the “City”) previously entered into a Leaseback Lease, dated as of January 1, 2017 (the “City Financing”), which, as of January 31, 2020, was outstanding in the amount of \$76,000,000; and

WHEREAS, The Authority desires and intends to refinance the TIFIA Loan, repay all or a portion of the City Financing (as needed), and finance additional costs associated with the construction and design of the Transbay Terminal Project, including, but not limited to, payment of judgement or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction or design activities, and other related costs (the “Project”); and

WHEREAS, The Authority has determined that it is necessary and desirable in order to finance the Project to authorize the issuance, sale and delivery of its Tax Allocation Bonds, in one or more tax-exempt and/or taxable series (the “Series 2020 Bonds”) in the aggregate principal amount of not to exceed \$315 million; and

WHEREAS, The Authority expects that it will incur (or to have incurred) expenditures relating to the Project and to pay for such expenditures from the Authority’s money on hand prior to delivery or issuance of the Series 2020 Bonds (the “Reimbursement Expenditures”); and

WHEREAS, The Authority reasonably expects to use a portion of the proceeds of the tax-exempt Series 2020 Bonds to reimburse the Authority for the Reimbursement Expenditures; and

WHEREAS, At the time of the reimbursement of the Reimbursement Expenditures, the Authority will evidence such reimbursement in a writing which identifies the allocation of the proceeds of the tax-exempt Series 2020 Bonds to the Authority for the purpose of reimbursing the Authority for the Reimbursement Expenditures; and

WHEREAS, The Authority expects to make each of the reimbursement allocations no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure for the Project is paid or (ii) the date on which such Project is placed in service (or abandoned), but in no event later than three (3) years after the date on which the earliest original expenditure for the Project or other capital expenditure is paid; and

WHEREAS, The Authority will not, within one (1) year of any reimbursement allocation, use the proceeds of the tax-exempt Series 2020 Bonds received in the reimbursement allocation in a manner that will result in the creation of replacement proceeds of the bonds or another issue (e.g., the Authority will not pledge or use the proceeds received for the payment of debt service on the tax-exempt Series 2020 Bonds or another issue, except that the proceeds of the tax-exempt Series 2020 Bonds can be deposited in a bona fide debt service fund); and

WHEREAS, There have been presented to this meeting the proposed forms of the following documents:

- (a) the Indenture of Trust (the “Indenture”);
- (b) the Purchase Contract;
- (c) the Continuing Disclosure Certificate; and
- (d) the Preliminary Official Statement; and

WHEREAS, The Authority will issue the Series 2020 Bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (the “Act”) constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

WHEREAS, In accordance with the Act, following published notice, a public hearing regarding the proposed financing must be conducted by the City, and, following such hearing, the City must make certain findings under the Act and approve the financing; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE TRANSBAY JOINT POWERS AUTHORITY BOARD OF DIRECTORS AS FOLLOWS:

SECTION 1. Approval of Issuance of Series 2020 Bonds by the Authority. The issuance of the Series 2020 Bonds by the Authority conditioned on the completion of all necessary approvals and actions by the City described above and on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture and this Resolution, is hereby approved; provided, however, that (i) the aggregate principal amount of the Series 2020 Bonds shall not exceed \$315 million, (ii) the maturity of the Series 2020 Bonds shall not exceed October 1, 2050, and (iii) the true interest cost of the Series 2020 Bonds shall not exceed 4.100%.

SECTION 2. Approval of Indenture. The form of Indenture presented at this meeting is hereby approved and the Chair, the Vice Chair, the Executive Director, the Chief Financial Officer, the Secretary of the Authority, or any designee (each an “Authorized Officer”) are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting, with such changes therein, deletions therefrom, and additions thereto as the Authorized Officer shall approve in consultation with the Authority’s financial and legal consultants, which approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Approval of Purchase Contract. The Authority is hereby authorized to enter into the Purchase Contract and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver the Purchase Contract in substantially the form presented at this meeting, with such changes therein, deletions therefrom, and additions thereto as the Authorized Officer shall approve in consultation with the Authority’s financial and legal consultants, which approval shall be conclusively evidenced by the execution and delivery thereof; provided, that the underwriting discount payable pursuant to the Purchase Contract shall not exceed 0.550% of the aggregate principal amount of the Series 2020 Bonds.

SECTION 4. Approval of Continuing Disclosure Certificate. The Authority is hereby authorized to enter into the Continuing Disclosure Certificate and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver the Continuing Disclosure Certificate in substantially the form presented at this meeting, with such changes therein, deletions therefrom, and additions thereto as the Authorized Officer shall approve in consultation with the Authority’s financial and legal consultants, which approval shall be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of Official Statement. The Preliminary Official Statement presented at this meeting is hereby approved and the same may be used and is hereby authorized to be used and distributed in the market by the underwriters syndicate incident to the marketing of the Series 2020 Bonds. Each Authorized Officer is hereby authorized to (a) make such changes in, deletions from, and additions to such Preliminary Official Statement as such officer shall determine to be appropriate in consultation with the Authority’s financial and legal consultants

and the underwriters syndicate, and (b) for and in the name of and on behalf of the Authority, to deem such Preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). Each Authorized Officer is hereby authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, which final Official Statement shall be executed and delivered for and in the name of and on behalf of the Authority by an Authorized Officer, and such Authorized Officer is hereby authorized and directed to prepare, execute and deliver for and in the name of and on behalf of the Authority any supplemental filings related to such final Official Statement, including any supplemental filings required in connection with the delivery of the Series 2020 Bonds.

SECTION 6. Reimbursement Expenditures. The Authority hereby declares its official intent to use a portion of the proceeds of the tax-exempt Series 2020 Bonds to reimburse itself, in whole or in part, for the Reimbursement Expenditures. It is intended that this Resolution shall constitute a declaration of “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986, as amended.

SECTION 7. SB 450 Representation. The Authority adopts and approves the Good Faith Estimates required by Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) and obtained by the Authority from the underwriters syndicate and/or the Municipal Advisor, attached hereto as Appendix A.

SECTION 8. Other Acts. The officers and staff of the Authority are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with General Counsel and with Nixon Peabody LLP, the Authority’s bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed. Any one of the Authorized Officers is hereby authorized and directed, for and in the name of and on behalf of the Authority, to evaluate and select one or more municipal bond insurers for all or any portion of the Series 2020 Bonds and to execute and deliver such contracts and agreements with such bond insurers as may be approved by the Authorized Officer executing the same, subject to the provisions of this Resolution, such approval to be conclusively evidenced by such execution and delivery.

SECTION 9. Effective Date. This Resolution shall take effect immediately upon its adoption.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its regular meeting of March 12, 2020.

Secretary, Transbay Joint Powers Authority

APPENDIX A TO RESOLUTION

GOOD FAITH ESTIMATES

TRANSBAY JOINT POWERS AUTHORITY TAX ALLOCATION BONDS SERIES 2020

The following information was obtained from Sperry Capital, Inc., as Municipal Advisor of the bonds defined above (the "Bonds"), for consideration prior to the authorization in the foregoing Resolution of the proposed Bonds:

1. ***True Interest Cost of the Bonds.*** Assuming an aggregate principal amount of the proposed Bonds in the amount of \$298,605,000 is sold to effectuate the financing and the refunding and based on market interest rates prevailing plus 50 basis points at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.857%.

2. ***Finance Charge of the Bonds.*** Assuming such aggregate principal amount of the proposed Bonds is sold and based on market interest rates prevailing plus 50 basis points at the time of preparation of this information, a good faith estimate of the Finance Charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the issuance of the Bonds), is \$3,284,655.00.

3. ***Amount of Proceeds to be Received.*** Assuming such aggregate principal amount of the proposed Bonds is sold and based on market interest rates prevailing plus 50 basis points at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the issuer for sale of the Bonds less the Finance Charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$296,824,429.15.

4. ***Total Payment Amount.*** Assuming such aggregate principal amount of the proposed Bonds is sold and based on market interest rates prevailing plus 50 basis points at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the issuer will make to pay debt service on the Bonds plus the Finance Charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$537,829,707.29.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of Bonds sold will be determined by the issuer based on need for funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the issuer's control.

INDENTURE OF TRUST

Dated as of [May] 1, 2020

by and between the

TRANSBAY JOINT POWERS AUTHORITY

and

[_____] ,
as Trustee

Relating to

**[\$_____] Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series
2020A (Tax-Exempt)[(Green Bonds)]**
**[\$_____] Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series
2020A-T (Federally Taxable)[(Green Bonds)]**
**[\$_____] Transbay Joint Powers Authority Subordinate Tax Allocation Bonds, Series
2020B (Tax-Exempt)[(Green Bonds)]**
**[\$_____] Transbay Joint Powers Authority Subordinate Tax Allocation Bonds,
Series 2020B-T (Federally Taxable)[(Green Bonds)]**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”) made and entered into and dated as of [May] 1, 2020, by and between the TRANSBAY JOINT POWERS AUTHORITY (the “Authority”), a joint powers authority created pursuant to laws of the State of California, and [_____], a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, as a result of damage from the 1989 Loma Prieta earthquake and the condition of the Former Transbay Terminal, as well as other factors, the Authority was formed to undertake the “Transbay Program,” which consists of three interconnected elements: (1) replacing the Former Transbay Terminal, (2) extending Caltrain and future-planned California High-Speed Rail underground from Caltrain’s current terminus at 4th and King Streets into the new downtown Salesforce Transit Center, and (3) creating a new neighborhood with homes, offices, parks, and shops surrounding the Salesforce Transit Center replace the Former Transbay Terminal and redevelop the surrounding area (clauses (1) and (2) above are collectively referred to as the “Transbay Terminal Project”);

WHEREAS, the Authority, the City and County of San Francisco (the “City”) and the State of California (the “State”) entered into a Cooperative Agreement, dated as of July 11, 2003, pursuant to which the State agreed to transfer approximately 10 acres of blighted and underutilized publicly owned land (the “Former State Owned Parcels”) that resulted from demolition of highways ramps damaged in the 1989 Loma Prieta earthquake and the Former Transbay Terminal;

WHEREAS, the City approved a Redevelopment Plan for the Transbay Redevelopment Project that provided for the redevelopment, rehabilitation and revitalization of the area generally bounded by Mission, Main, Second and Folsom Streets in downtown San Francisco, as more particularly described in such plan (the “Project Area”); and

WHEREAS, the Project Area contains the Former State Owned Parcels on which significant new development was planned; and

WHEREAS, the City, the Redevelopment Agency of the City and County of San Francisco (the “Former Agency”) and the Authority entered into that certain Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement, dated as of January 31, 2008 (the “Pledge Agreement”) pursuant to which the City and the Former Agency agreed that a portion of property tax increment revenues attributable to the Former State Owned Parcels (the “Net Tax Increment”), and any interest thereon, are irrevocably pledged to the Authority for costs associated with construction and design of the Transbay Terminal Project;

WHEREAS, the Former Agency was established in 1948 by action of the Board of Supervisors pursuant to the Community Redevelopment Law (the “Redevelopment Law”), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State, and was a separate public body and exercised governmental functions in planning and carrying out redevelopment projects; and

WHEREAS, in June 2011, as part of the State’s 2011 Budget Act, the State Legislature enacted Assembly Bill No. 26 of the First Extraordinary Session (“AB X1 26”), which dissolved all redevelopment agencies in the State, including the Former Agency; and

WHEREAS, the primary provisions of AB X1 26 are set forth in Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the “Dissolution Act”); and

WHEREAS, the Dissolution Act provided for the establishment of a successor agency for each former redevelopment agency and, upon the former redevelopment agency’s dissolution, all of the former redevelopment agency’s assets, properties, contracts, leases, books and records were transferred to the control of the successor agency by operation of law; and

WHEREAS, the City has elected to serve as the successor agency (the “Successor Agency”) of the Former Agency; and

WHEREAS, even though the City has elected to serve as the successor agency, the Dissolution Act expressly provides that the City and the Successor Agency are separate public entities and none of the liabilities of the Former Agency are transferred to the City by virtue of the City’s election to serve as the Successor Agency; and

WHEREAS, the Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act), including the Pledge Agreement; and

WHEREAS, the Dissolution Act currently requires that, except in the case where the California Department of Finance (“DOF”) has approved a Last and Final Recognized Obligation Payment Schedule, the Successor Agency must prepare a Recognized Obligation Payment Schedule (the “Recognized Obligation Payment Schedule” or the “ROPS”) once a year (to be submitted to the DOF no later than February 1), listing the payments for enforceable obligations that the Successor Agency expects to make for the upcoming two six-month fiscal periods (*i.e.*, the period from July through December and the period from January through June); and

WHEREAS, DOF has issued the Successor Agency a final and conclusive determination letter with respect to the Pledge Agreement informing the Successor Agency that DOF’s approval of the Pledge Agreement as an enforceable obligation is final and conclusive; and

WHEREAS, the Successor Agency has listed the Pledge Agreement on the ROPS as an enforceable obligation for each year since the dissolution of the Former Agency;

WHEREAS, the Authority and the United States Department of Transportation previously entered into a TIFIA Loan Agreement, dated as of January 1, 2010 (as amended, the “TIFIA Loan”) payable primarily from Pledged Revenues, which TIFIA Loan is currently outstanding in the amount of \$ _____; and

WHEREAS, the City and the Authority previously entered into a Leaseback Lease, dated as of January 1, 2017 (the “Lease”), payable primarily from Pledged Revenues, which Lease is currently outstanding in the amount of \$ _____; and

WHEREAS, the TIFIA Loan and the Lease financed a portion of the Transbay Terminal Project; and

WHEREAS, the Authority now desires to repay and refinance the TIFIA Loan and the Lease and finance additional costs associated with the construction and design of the Transbay Terminal Project including but not limited to payment of judgement or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction or design activities, and other related costs (collectively, the “2020 Project”);

WHEREAS, the Authority has determined that it is necessary and desirable in order to finance the 2020 Project to authorize the issuance, sale and delivery of its Senior Tax Allocation Bonds, Series 2020A (Tax-Exempt)[(Green Bonds)], Senior Tax Allocation Bonds, Series 2020A-T (Federally Taxable)[(Green Bonds)], Subordinate Tax Allocation Bonds, Series 2020B (Tax-Exempt)[(Green Bonds)], and Subordinate Tax Allocation Bonds, Series 2020B-T (Federally Taxable)[(Green Bonds)] (collectively, the “2020 Bonds”) in the aggregate principal amount of \$[_____];

WHEREAS, in order to provide for the authentication and delivery of the 2020 Bonds, to establish and declare the terms and conditions upon which the 2020 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Authority and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the 2020 Bonds when executed by the Authority, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Senior Bonds (as defined herein) and Subordinate Bonds (as defined herein), and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Senior Bonds and Subordinate Bonds are to be issued and received, and in consideration of the promises and of the mutual covenants herein contained and of the purchase and acceptance of the Senior Bonds and Subordinate Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Senior Bonds and Subordinate Bonds as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01 Findings and Determinations. The Authority has reviewed all proceedings heretofore taken and, as a result of such review, hereby finds and determines that all things,

conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the 2020 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly empowered, pursuant to each and every requirement of law, to issue the 2020 Bonds in the manner and form provided in this Indenture.

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

“Additional Assessed Valuation Increases” means any future estimated increases in the assessed valuation of taxable property in the Former State Owned Parcels, as shown in the Report of Independent Redevelopment Consultant, due to the completion of construction which is not then fully reflected on the tax rolls, or due to transfer of ownership or any other interest in real property which has been recorded but which is not then fully reflected on the tax rolls or other instances of valuation change. For purposes of this definition, the term “increases in the assessed valuation” means the amount by which the assessed valuation of taxable property in the Former State Owned Parcels is estimated to increase above the assessed valuation of taxable property in the Former State Owned Parcels (as evidenced in the written records of the City) as of the date on which such calculation is made.

“Additional Revenues” means, as of the date of any calculation, the additional amount of Pledged Revenues that an Independent Redevelopment Consultant estimates the Authority will be entitled to receive under the Pledge Agreement, as shown in a Report of such Independent Redevelopment Consultant, as a result of each Additional Assessed Valuation Increase for the first Fiscal Year in which the Independent Redevelopment Consultant estimates that the full amount of such Additional Assessed Valuation Increase will be reflected on the tax rolls.

“Annual Debt Service” means, with respect to any Series of Bonds, for each Bond Year, the sum of (a) the interest payable on such Series of Bonds in such Bond Year, and (b) the principal amount of such Series of Bonds scheduled to be paid in such Bond Year, and (c) the aggregate principal amount of Term Bonds scheduled to be redeemed in such Bond Year.

“Authority” means Transbay Joint Powers Authority.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Bond Counsel” means (a) Nixon Peabody LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Proceeds Fund” means the fund by that name established with the Trustee pursuant to Section 3.03.

“Bond Year” means each 12-month period extending from October 2 in one calendar year to October 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond

Year with respect to the 2020 Bonds shall commence on the Closing Date and end on October 1, 2020.

“**Bonds**” means, collectively, the Senior Bonds and Subordinate Bonds.

“**Business Day**” means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Principal Corporate Trust Office of the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

“**Certificate of Closing of Construction Fund**” means a Written Certificate of the Authority filed with the Trustee stating that no additional expenditures will be made from the Construction Fund and instructing the Trustee to close the Construction Fund.

“**Chief Financial Officer**” means the Chief Financial Officer of the Authority.

“**City**” means the City and County of San Francisco.

“**Closing Date**” means the date on which a Series of Bonds is delivered by the Authority to the original purchaser thereof. The Closing Date with respect to the 2020 Bonds is [_____, 2020].

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Construction Costs**” means all costs of a Project, including, but not limited to:

(a) all costs which the Authority shall be required to pay to a manufacturer, vendor or contractor or any other person under the terms of any contract or contracts for the construction, installation or improvement of a Project;

(b) obligations of the Authority or others incurred for labor and materials (including obligations payable to the Authority or others for actual out-of-pocket expenses of the Authority or others) in connection with the construction, installation, financing or improvements of a Project, including reimbursement to the Authority or others for all advances and payments made in connection with a Project prior to or after delivery of the Bonds;

(c) the costs of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction, installation or improvement of a Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs of the Authority for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees and sales commissions, right of way, land or property purchases, and for supervising construction, installation and improvement, as well as for the performance of all other duties required by or consequent to the proper construction, installation or improvement of a Project;

(e) legal and administrative costs related to the construction, installation or improvement of a Project;

(f) any sums required to reimburse the Authority for advances made by the Authority for any of the above items or for any other costs incurred and for work done by the Authority which are properly chargeable to the construction, installation or improvement of a Project;

(g) payment of judgement or settlement obligations arising from litigation relating to the construction or design activities of any Project; and

(h) any other cost, expense, or liability for which the Authority may use Net Tax Increment under the Pledge Agreement.

“Construction Fund” means the fund by that name established pursuant to Section 3.05 hereof.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, with respect to the 2020 Bonds, executed by the Authority, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance and surety bond premiums, if any, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the Authority incurred in connection with the issuance of the Bonds, expenses of the underwriters of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.04.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02.

“Debt Service Transfer Date” means, with respect to any Bond Year, the First Debt Service Transfer Date or the Second Debt Service Transfer Date, as applicable.

“Defeasance Obligations” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Authority’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Authority as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Authority’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Cash;

(b) Non-callable bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the full and timely payment of which is unconditionally guaranteed by, the United States of America, or securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations);

(c) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody’s rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(d) Non-callable bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

“**Depository**” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.10.

“**Depository System Participant**” means any participant in the Depository’s book-entry system.

“**Dissolution Act**” means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended from time to time.

“**DTC**” means The Depository Trust Company, New York, New York, and its successors and assigns.

“**Event of Default**” means any of the events described in Section 8.01.

“**Excess Pledged Revenues**” means, as of the Second Debt Service Transfer Date of any Bond Year, the amount of Pledged Revenues on deposit in the Excess Pledged Revenue Fund after giving effect to the prior required deposits set forth in Section 4.04.

“**Excess Pledged Revenues Fund**” means the fund by that name established and held by the Trustee pursuant to Section 4.02.

“**Fair Market Value**” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an

established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Authority and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“**Federal Securities**” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and CATS and TIGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

“**First Debt Service Transfer Date**” means, with respect to any year, the earlier of (a) the date that is five Business Days before the April 1 Interest Payment Date and (b) the date specified in any Supplemental Indenture.

“**Fiscal Year**” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Authority to the Trustee in writing as its official fiscal year period.

“**Fitch**” means Fitch Ratings Inc., and its successors.

“**Former Agency**” has the meaning given such term in the recitals to this Indenture.

“**Former State Owned Parcels**” means the “State-Owned Parcels” as defined in the Pledge Agreement, which consist of approximately 10 acres of land around the Former Transbay Terminal and the new Salesforce Transit Center.

“**Former Transbay Terminal**” means the old transit facility generally located at First and Mission Streets in downtown San Francisco that was owned by the State and subsequently demolished and replaced with the new Salesforce Transit Center as part of the Transbay Terminal Project.

“**Indenture**” means this Indenture of Trust by and between the Authority and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

“**Independent Accountant**” means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Authority, and who, or each of whom:

- (a) is in fact independent and not under the control of the Authority;
- (b) does not have any substantial interest, direct or indirect, with the Authority;
- (c) is not an officer or employee of the Authority.

and

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Authority, and who, or each of whom:

(a) is judged by the Authority to have experience in matters relating to the collection of tax increment revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under the control of the Authority;

(c) does not have any substantial interest, direct or indirect, with the Authority;

and

(d) is not an officer or employee of the Authority.

“Information Services” means, in accordance with then current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system, or such other services providing information with respect to the redemption of bonds as the Authority may designate in a Written Request of the Authority filed with the Trustee.

[**“Insurer”** means the Senior 2020 Bonds Insurer and, as applicable, the provider of a municipal bond or financial guaranty insurance policy with respect to other Bonds.]

“Interest Payment Date” means each April 1 and October 1, commencing [October 1], 2020, for so long as any of the 2020 Bonds remain Outstanding hereunder.

“Law” means the Community Redevelopment Law, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto (including the Dissolution Act).

“Maximum Annual Debt Service” means, as to any Series of Bonds, as of the date of calculation, the largest amount of Annual Debt Service for such Series of Bonds with respect to the current or any future Bond Year payable in such Bond Year. For purposes of such calculation, there shall be excluded payments with respect to each Series of Bonds to the extent that amounts due with respect to such Series of Bonds are prepaid or otherwise discharged in accordance with this Indenture.

“Moody’s” means Moody’s Investors Service and its successors.

“Net Tax Increment” means the “Net Tax Increment” as defined in the Pledge Agreement, which consists of a portion of the property tax increment revenues attributable to the Former State Owned Parcels.

“Nominee” means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.10(a).

“Other Administrative Expenses” means all administrative costs and expenses of the Authority related to any Series of Bonds, including any Priority Administrative Expenses, all attorneys’ fees and other costs related thereto, any costs related to the Authority’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds, and any costs and expenses of the Authority relating to its compliance with the Indenture, the Pledge Agreement or the Dissolution Act, the collection of the Pledged Revenues or the Authority’s enforcement of its rights under the Pledge Agreement.

“Other Administrative Expense Cap” means, initially, \$100,000, and thereafter such other amount (which can be increased and decreased from time to time) that the Authority specifies in a Written Certificate of the Authority, provided that such amount shall not exceed \$500,000.

“Other Administrative Expense Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02.

“Outstanding” when used as of any particular time with reference to Senior Bonds and Subordinate Bonds, means (subject to the provisions of Section 10.05) all Senior Bonds and Subordinate Bonds except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.01; or
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Authority pursuant hereto.

“Owner” or **“Bondowner”** means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Participating Underwriters” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Authority’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Authority as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Authority’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include those for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, but excluding such funds with a floating net asset value);

(e) Unsecured certificates of deposit (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated on the date of purchase "A-1+" or better by S&P and "P-1" by Moody's and or certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase A-1 or better by S&P, Moody's and Fitch;

(f) Certificates of deposit, time deposits, deposit accounts or money market deposits (including those of the Trustee, its parent and its affiliates) that are fully insured by FDIC, including BIF and SAIF or collateralized by Federal securities for amounts above insurance;

(g) Investment agreements, including repurchase agreements, guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moody's and "AA" or

better by S&P, or unconditionally guaranteed by an entity rated “Aa” or better by Moody’s and “AA” or better by S&P;

(h) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1+” or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s, and “A-1+” by S&P;

(k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided that for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and

(l) The City and County of San Francisco Treasurer’s Pool.

“**Pledge Agreement**” means the Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement, dated as of January 31, 2008, by and among the City, the Former Agency and the Authority, as amended from time to time.

“**Pledged Revenues**” means all Net Tax Increment to which the Authority is entitled under the Pledge Agreement.

“**Principal Corporate Trust Office**” means the corporate trust office of the Trustee in _____, California, or such other or additional offices as the Trustee may designate in writing to the Authority from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted, initially in _____.

“**Priority Administrative Expense Cap**” means, initially, \$0.00, and thereafter such other amount (which can be increased and decreased from time to time) that the Authority specifies in a Written Certificate of the Authority, provided that such amount shall not exceed \$50,000.00.

“**Priority Administrative Expenses**” means all costs and expenses of the Authority related to any fees and expenses of the Trustee, any fees and expenses of any credit enhancement for any Bonds or Senior Parity Debt or Subordinate Parity Debt, and any fees and expenses of any lender with respect to or Holder of any Bonds, Senior Parity Debt or Subordinate Debt.

“**Priority Administrative Expense Fund**” means the fund by that name established and held by the Trustee pursuant to Section 4.02.

“**Project**” means the 2020 Project and, with respect to any other Series of Bonds, any other portion of the Transbay Terminal Project financed by such Series of Bonds.

“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) at least one of the Rating Agencies has assigned a long-term credit rating to such bank or insurance company of “A” or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the portion of the Senior Bonds Reserve Requirement or Subordinate Bonds Reserve Requirement, as applicable, with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies up to the stated amount of the policy which may exist from time to time in (x) the Senior Bonds Interest Account and the Senior Bonds Principal Account pursuant to Sections 4.02(c) of this Indenture or (y) the Subordinate Bonds Interest Account and the Subordinate Bonds Principal Account pursuant to Sections 4.02(e) of this Indenture.

“Rebate Fund” means the fund by that name that has been established pursuant to Section 4.03.

“Record Date” means, with respect to any Interest Payment Date, the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such 15th calendar day is a Business Day.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including:

- (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and
- (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Reserve Account Excluded Senior Bonds” means any Series of Senior Bonds that have no rights to the Senior Bonds Reserve Account, as provided in Section 3.06(a)(iii)(b).

“Reserve Account Excluded Subordinate Bonds” means any Series of Subordinate Bonds that have no rights to the Subordinate Bonds Reserve Account, as provided in Section 3.06(b)(iii)(b).

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors.

“Salesforce Transit Center” means the new transit facility, as of the date hereof, generally located at First and Mission Streets in downtown San Francisco that is owned by the Authority and replaced the Former Transbay Terminal as part of the Transbay Terminal Project.

“Second Debt Service Transfer Date” means (a) during such time as the Subordinate Turbo Bonds are Outstanding, the date that is 45 days before the October 1 Interest Payment Date, and (b) during such time as the Subordinate Turbo Bonds are no longer Outstanding, the earlier of (i) five Business Days before the October 1 Interest Payment Date and (ii) the date specified in any Supplemental Indenture.

“Securities Depositories” means The Depository Trust Company, New York, New York 10041-0099, Fax-(212) 855-7232; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Request of the Authority delivered to the Trustee.

“Senior Bonds” means the Senior 2020 Bonds and any bonds issued pursuant to a Supplemental Indenture in accordance with Section 3.06 secured by a lien and charge on Pledged Revenues on parity with the lien and charge on Pledged Revenues that secures the Senior 2020 Bonds.

“Senior Bonds Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b).

“Senior Bonds Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b).

“Senior Bonds Redemption Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b).

“Senior Bonds Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c).

“Senior Bonds Reserve Requirement” means, as of any date of calculation, with respect to all Outstanding Series of Senior Bonds other than Reserve Account Excluded Senior Bonds, an amount equal to the lesser of:

- (i) 125% of the average Annual Debt Service with respect to such Series of Senior Bonds between the date of such calculation and the final maturity of thereof; or
- (ii) Maximum Annual Debt Service with respect to such Series of Senior Bonds between the date of such calculation and the final maturity of thereof; or
- (iii) 10% of the original principal amount of each such Series of Senior Bonds (or, if such Series of Senior Bonds has more than a *de minimis* amount of original issue discount or premium, 10% of the issue price of such Series of Senior Bonds);

provided that, the Senior Bonds Reserve Requirement may be determined on an individual basis with respect to a Series of Senior Bonds or on a combined basis for two or more Series of Senior

Bonds, as determined by the Authority; and provided, further, that in no event shall the Authority, in connection with the issuance of Senior Bonds be obligated to deposit an amount (including in the form of a Qualified Reserve Account Credit Instrument) in the Senior Bonds Reserve Account (whether with respect to tax-exempt or taxable bonds) that is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Senior Bonds Reserve Account is so limited, the Senior Bonds Reserve Requirement shall, in connection with the issuance of such Senior Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Authority may meet all or a portion of the Senior Bonds Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.02(e) hereof. In the event, the Senior Bonds Reserve Requirement is determined on a combined basis for two or more Series of Senior Bonds, such Series of Senior Bonds shall be secured on a parity basis by the Senior Bonds Reserve Account.

“Senior Bonds Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c).

“Senior Parity Debt” means any bonds, notes, bond anticipation notes and other obligations or indebtedness to be issued or incurred by the Authority under a Senior Parity Debt Instrument.

“Senior Parity Debt Instrument” means a resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Senior Parity Debt, other than a Supplemental Indenture.

“Senior 2020 Bonds” means the Senior 2020A Bonds and the Senior 2020A-T Bonds.

[**“Senior 2020 Bonds Insurance Policy”** means Municipal Bond Insurance Policy issued by the Senior 2020 Bonds Insurer that guarantees the scheduled payment of principal of and interest on the Senior 2020 Bonds.]

[**“Senior 2020 Bonds Insurer”** means [_____], or any successor thereto or assignee thereof.]

“Senior 2020 Bonds Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Senior 2020 Bonds Insurer guaranteeing certain payments into the Senior 2020 Bonds Reserve Subaccount with respect to the Senior 2020 Bonds as provided therein and subject to the limitation set forth therein.

“Senior 2020A Bonds” means the Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series 2020A (Tax-Exempt) [(Green Bonds)].

“Senior 2020A-T Bonds” means the Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series 2020AT (Federally Taxable) [(Green Bonds)].

“Serial Bonds” means all Bonds other than Term Bonds.

“Series” whenever used herein with respect to Senior Bonds or Subordinate Bonds, mean all of the Senior Bonds or Subordinate 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 Senior Bonds or Subordinate Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Senior Bonds or Subordinate Bonds as herein provided, as provided in a Supplemental Indenture.

“State” means the State of California.

“Subordinate Bonds” means the Subordinate 2020 Bonds and any bonds issued pursuant to a Supplemental Indenture in accordance with Section 3.06 secured by a lien and charge on Pledged Revenues subordinate to the lien and charge on Pledged Revenues that secures the Senior Bonds and on parity to the lien and charge on Pledged Revenues that secures the Subordinate 2020 Bonds.

“Subordinate Bonds Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(d).

“Subordinate Bonds Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(d).

“Subordinate Bonds Redemption Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(d).

“Subordinate Bonds Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(e).

“Subordinate Bonds Reserve Requirement” means, as of any date of calculation, with respect to all Outstanding Series of Subordinate Bonds other than Reserve Account Excluded Subordinate Bonds, an amount equal to the lesser of:

(i) 125% of the average Annual Debt Service with respect to such Series of Subordinate Bonds between the date of such calculation and the final maturity of thereof; or

(ii) Maximum Annual Debt Service with respect to such Series of Subordinate Bonds between the date of such calculation and the final maturity of thereof; or

(iii) 10% of the original principal amount of such Series of Subordinate Bonds (or, if such Series of Subordinate Bonds has more than a *de minimis* amount of original issue discount or premium, 10% of the issue price of such Series of Subordinate Bonds);

provided that, the Subordinate Bonds Reserve Requirement may be determined on an individual basis with respect to a Series of Subordinate Bonds or on a combined basis for two or more Series of Subordinate Bonds, as determined by the Authority; and provided, further, that in no event shall the Authority, in connection with the issuance of Subordinate Bonds be obligated to deposit an amount (including in the form of a Qualified Reserve Account Credit Instrument) in the

Subordinate Bonds Reserve Account (whether with respect to tax-exempt or taxable bonds) that is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Subordinate Bonds Reserve Account is so limited, the Subordinate Bonds Reserve Requirement shall, in connection with the issuance of such Subordinate Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Authority may meet all or a portion of the Subordinate Bonds Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.02(e) hereof. In the event, the Subordinate Bonds Reserve Requirement is determined on a combined basis for two or more Series of Subordinate Bonds, such Series of Subordinate Bonds shall be secured on a parity basis by the Subordinate Bonds Reserve Account.

“Subordinate Parity Debt” means any bonds, notes, bond anticipation notes and other obligations or indebtedness to be issued or incurred by the Authority under a Subordinate Parity Debt Instrument.

“Subordinate Parity Debt Instrument” means a resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Subordinate Parity Debt, other than a Supplemental Indenture.

“Subordinate 2020 Bonds” means the Subordinate 2020B Bonds and the Subordinate 2020B-T Bonds.

“Subordinate 2020B Bonds” means the \$[_____] initial aggregate principal amount of Transbay Joint Powers Authority Subordinate Tax Allocation Bonds, Series 2020B (Tax-Exempt)[(Green Bonds)]

“Subordinate 2020B-T Bonds” means the \$[_____] initial aggregate principal amount of Transbay Joint Powers Authority Subordinate Tax Allocation Bonds, Series 2020B-T (Federally Taxable)[(Green Bonds)].

“Subordinate Turbo Bonds” means the Subordinate 2020 Bonds maturing on _____.

“Successor Agency” means the City as the successor agency to the Former Agency.

“Supplemental Indenture” means any supplement to this Indenture which has been duly adopted or entered into by the Authority and complies with the provisions of Section 7.01 of this Indenture.

“Taxable 2020 Bonds” means the Senior 2020A-T Bonds and the Subordinate 2020B-T Bonds.

“Tax Exempt 2020 Bonds” means the Senior 2020A Bonds and the Subordinate 2020B Bonds.

“Tax Exempt Bonds” means the Tax Exempt 2020 Bonds and any additional Series of Bonds on which interest is excluded from the gross income of the owners thereof for federal

income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Tax Certificate” means [TO COME]

“Term Bonds” means that portion of any Bonds payable from mandatory sinking account payments.

“Term Senior Bonds” means Senior Bonds that are Term Bonds.

“Term Subordinate Bonds” means Subordinate Bonds that are Term Bonds.

“Transbay Program” has the meaning given such term in the recitals of this Indenture.

“Transbay Terminal Project” has the meaning given such term in the recitals of this Indenture.

“Trustee” means [_____], as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

“2020 Bonds” means the Senior 2020 Bonds and the Subordinate 2020 Bonds.

“Written Request of the Authority” or **“Written Certificate of the Authority”** means a request or certificate, in writing signed by the Executive Director or Chief Financial Officer of the Authority, or the designee of either, or by any other officer of the Authority duly authorized by the Authority for that purpose.

Section 1.03 Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.04 Business Day Convention. If this Indenture requires any payment to be due and payable or the transfer or deposit of any funds on any day that is not a Business Day, then that payment shall be due and payable on the next succeeding Business Day.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01 Authorization of 2020 Bonds. The following initial Series of Bonds are hereby authorized to be issued by the Authority under and subject to the terms of this Indenture and are hereby designated the “Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series 2020A (Tax-Exempt)[(Green Bonds)],” “Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series 2020A-T (Federally Taxable)[(Green Bonds)],” “Transbay Joint Powers Authority Subordinate Tax Allocation Bonds, Series 2020B (Tax-Exempt)[(Green Bonds)],” and “Transbay Joint Powers Authority Subordinate Tax Allocation Bonds, Series 2020B-T (Federally

Taxable)[(Green Bonds)].” The Senior 2020A Bonds, the Senior 2020A-T Bonds, the Subordinate 2020B Bonds and the Subordinate 2020B Bonds shall be issued in the initial aggregate principal amount of \$[_____], \$[_____], \$[_____] and \$[_____], respectively. This Indenture constitutes a continuing agreement with the Owners of all of the Senior Bonds and Subordinate Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Senior Bonds and Subordinate Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

Section 2.02 Terms of 2020 Bonds. The 2020 Bonds shall be issued in fully registered form without coupons. The 2020 Bonds shall be issued in Authorized Denominations. The 2020 Bonds shall be dated as of their Closing Date. The 2020 Bonds shall be lettered and numbered as the Trustee shall prescribe.

(a) The Senior 2020A Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

⁽¹⁾ Maturity

(b) The Senior 2020A-T Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

⁽¹⁾ Maturity

(c) The Subordinate 2020B Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

⁽¹⁾ Maturity

(d) The Subordinate 2020B-T Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

⁽¹⁾ Maturity

Each 2020 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before [September 15, 2020], in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2020 Bond, interest thereon is in default, such 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2020 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the 2020 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2020 Bond shall be paid on the succeeding Interest Payment Date by wire to such account in the United States as shall be specified in such written request. The principal of the 2020 Bonds and premium, if any, upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Section 2.03 Redemption of 2020 Bonds.

(a) Optional Redemption.

(i) Except for the Taxable 2020 Bonds as provided in Section 2.03(a)(ii) below, the 2020 Bonds maturing on or before October 1, 20__ will not be subject to optional redemption prior to their maturity. The 2020 Bonds maturing on or after October 1, 20__ will be subject to redemption on any date on or after October 1, 20__, as a whole or in part, by such maturities as determined by the Authority, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of 2020 Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium.

(ii) *Taxable 2020 Bonds*. Before October 1, 20__, each Series of Taxable 2020 Bonds are subject to redemption at the option of the Authority on any date, in whole or in part, at a redemption price equal to the greater of:

(A) 100% of the principal amount of such Series of Taxable 2020 Bonds to be redeemed; and

(B) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Series of Taxable 2020 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series of Taxable 2020 Bonds are to be redeemed, discounted to the date on which such Series of Taxable 2020 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus [____] basis points, plus, in each case, accrued interest on such Series of Taxable 2020 Bonds to be redeemed to but not including the redemption date.

“Treasury Rate” means, with respect to any redemption date (i) the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity [of ____] (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available as of the most recent date that is at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Statistical Release is no longer published, any publicly available source of similar market data reasonably selected by the Trustee, most nearly equal to the period from the redemption date to the maturity date of such Series of Taxable 2020 Bonds (taking into account any mandatory sinking account redemption for such Series of Taxable 2020 Bonds) or (ii) if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year.

The Authority shall be required to give the Trustee written notice of its intention to redeem Series of Taxable 2020 Bonds under this Section 2.03(a)(ii) with a designation of the principal amount and maturities to be redeemed at least sixty (60) days prior to the date fixed for such redemption (or such later date as is acceptable to the Trustee).

(b) Mandatory Redemption from Excess Pledged Revenues. The Subordinate Turbo Bonds are subject to mandatory redemption, on October 1 of each year in which any such Subordinate 2020 Bonds remain Outstanding, from and to the extent of amounts on deposit in the Excess Pledged Revenues Fund, in Authorized Denominations, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

No later than September 1 of each year, the Trustee shall deliver a written notice to the Authority that sets forth the amount of Excess Pledged Revenues in the Excess Pledged Revenues Fund as of the Second Debt Service Transfer Date and the principal amount of Subordinate Turbo Bonds which will be redeemed from Excess Pledged Revenues on the following October 1.

(c) Mandatory Sinking Fund Redemption.

(i) The Senior 2020A Bonds maturing on October 1, 20__ and October 1, 20__ (the “Senior 2020A Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking fund payments made by the Authority, at a redemption price equal to the principal amount of the Senior 2020A Term Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Senior 2020A Term Bond has been optionally redeemed, the total amount of all future mandatory sinking fund payments with respect to such Senior 2020A Term Bonds will be reduced by the aggregate principal amount of such Senior 2020A Term Bond so optionally redeemed, to be allocated among such mandatory sinking fund payments on a pro rata basis in Authorized Denominations as determined by the Authority; provided however, that in lieu of redemption thereof such Senior 2020A Term Bonds may be purchased by the Authority pursuant to Section 2.03(h).

Senior 2020A Term Bonds maturing October 1, 20__

October 1

Principal Amount

\$

(maturity)

(ii) The Senior 2020A-T Bonds maturing on October 1, 20__ and October 1, 20__ (the “Senior 2020A-T Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking fund payments made by the Authority, at a redemption price equal to the principal amount of the Senior 2020A-T Term Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Senior 2020A-T Term Bond has been optionally redeemed, the total amount of all future mandatory sinking fund payments with respect to such Senior 2020A-T Term Bonds will be reduced by the aggregate principal amount of such Senior 2020A-T Term Bond so optionally redeemed, to be allocated among such mandatory sinking fund payments on a pro rata basis in Authorized Denominations as determined by the Authority; provided however, that in lieu of redemption thereof such Senior 2020A-T Term Bonds may be purchased by the Authority pursuant to Section 2.03(h).

Senior 2020A-T Term Bonds maturing October 1, 20__]

October 1

Principal Amount

\$

(maturity)

(iii) The Subordinate 2020B Bonds maturing on October 1, 20__ and October 1, 20__ (the “Subordinate 2020B Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking account payments made by the Authority, at a redemption price equal to the principal amount of the Subordinate 2020B Term Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Subordinate 2020B Term Bond has been optionally redeemed, the total amount of all future mandatory sinking account payments with respect to such Subordinate 2020B Term Bonds will be reduced by the aggregate principal amount of such Subordinate 2020B Term Bond so optionally redeemed, to be allocated among such mandatory sinking account payments on a *pro rata* basis in Authorized Denominations as determined by the Authority; provided however, that in lieu of redemption thereof such Subordinate 2020B Term Bonds may be purchased by the Authority pursuant to Section 2.03(i).

Subordinate 2020B Term Bonds maturing October 1, 20__]

October 1

Principal Amount

\$

(maturity)

(iv) The Subordinate 2020B Bonds maturing on October 1, 20__ and October 1, 20__ (the “Subordinate 2020B Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking account payments made by the Authority, at a redemption price equal to the principal amount of the Subordinate 2020B Term Bonds to be redeemed together with accrued

interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Subordinate 2020B Term Bond has been optionally redeemed, the total amount of all future mandatory sinking account payments with respect to such Subordinate 2020B Term Bonds will be reduced by the aggregate principal amount of such Subordinate 2020B Term Bond so optionally redeemed, to be allocated among such mandatory sinking account payments on a pro rata basis in Authorized Denominations as determined by the Authority; provided however, that in lieu of redemption thereof such Subordinate 2020B Term Bonds may be purchased by the Authority pursuant to Section 2.03(i).

Subordinate 2020B-T Term Bonds maturing October 1, 20__]

October 1

Principal Amount

\$

(maturity)

(v) The principal amount of any Subordinate Turbo Bonds redeemed from Excess Pledged Revenues pursuant to Section 2.03(b) shall reduce the amount of any mandatory sinking account payments of Subordinate Turbo Bonds pursuant to this Section 2.03(c) in inverse order of the year in which the mandatory sinking account payment is required to be made.

(d) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, (i) to any Insurer and to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state, solely in the case of a redemption pursuant to clause (a) above, that such redemption is conditioned upon the timely delivery of the redemption price by the Authority to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Authority shall have the right to rescind any notice of optional redemption pursuant to clause (a) above by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by Series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(g) Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Authority thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

Notwithstanding the foregoing, in the event of a redemption of any Series of Taxable 2020 Bonds or a redemption of the Subordinate Turbo Bonds pursuant to Section 2.03(b), the following provisions shall apply.

If such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds are registered in book-entry only form as provided in Section 2.10 and so long as the Depository is the sole registered owner of such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds, as the case may be, if less than all of a Series of Taxable 2020 Bonds of a maturity or less than all of the Subordinate Turbo Bonds are called for prior redemption, the particular Series of Taxable 2020

Bonds or portions thereof or the Subordinate Turbo Bonds or portions thereof to be redeemed shall be allocated on a *pro rata* pass-through distribution of principal basis in accordance with the procedures of the Depository, provided that, so long as such Series of Taxable 2020 Bonds or Subordinate Turbo Bonds are held in book-entry form, the selection for redemption of such Taxable 2020 Bonds or Subordinate Turbo Bonds shall be made in accordance with the operational arrangements of the Depository then in effect, and, if the Depository's operational arrangements do not allow for redemption on a *pro rata* pass-through distribution of principal basis, such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds will be selected for redemption, in accordance with the Depository's procedures, by lot.

The Authority intends that redemption allocations made by the Depository be made on a *pro rata* pass-through distribution of principal basis as described above. However, neither the Authority nor the Trustee assumes any liability in the event that the Depository, any Depository System Participant or any other intermediary allocates the redemption of Taxable 2020 Bonds or the Subordinate Turbo Bonds on other than such basis.

In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Trustee will direct the Depository to make a pass-through distribution of principal to the Owners of the Taxable 2020 Bonds.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds where (a) the numerator of which is equal to the amount due to the respective Owners on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds.

If a Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds are no longer registered in book-entry-only form, each Owner will receive an amount of such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds equal to the original face amount then beneficially held by that Owner, registered in such Owner's name. Thereafter, any redemption of less than all of a Series of Taxable 2020 Bonds of any maturity will continue to be paid to the Owners of such Series of Taxable 2020 Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series of Taxable 2020 Bonds or Subordinate Turbo Bonds to be redeemed.

(h) Purchase of Senior 2020 Bonds in Lieu of Redemption. In lieu of redemption of Senior 2020 Bonds of a maturity pursuant to Section 2.03(c), amounts on deposit in the Senior Bonds Principal Account may also be used and withdrawn by the Authority and the Trustee, respectively, at any time, upon the Written Request of the Authority, for the purchase of the Senior 2020 Bonds of like 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 Senior Bonds Interest Account) as the Authority may in its discretion determine. The par amount of any Senior 2020 Bonds so purchased by the Authority in any twelve-month period ending on October 1 in any year shall be credited towards and shall reduce the par amount of the Senior 2020 Bonds required to be redeemed on October 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said October 1.

(i) Purchase of Subordinate 2020 Bonds in Lieu of Redemption. In lieu of redemption of Subordinate 2020 Bonds of a maturity pursuant to Section 2.03(c), amounts on deposit in the Subordinate Bonds Principal Account may also be used and withdrawn by the Authority and the Trustee, respectively, at any time, upon the Written Request of the Authority, for the purchase of the Subordinate 2020 Bonds of like 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 Subordinate Bonds Interest Account) as the Authority may in its discretion determine. The par amount of any Subordinate 2020 Bonds so purchased by the Authority in any twelve-month period ending on October 1 in any year shall be credited towards and shall reduce the par amount of the Subordinate 2020 Bonds required to be redeemed on October 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said October 1.

Section 2.04 Form of 2020 Bonds. The 2020 Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A. Exhibit A is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05 Execution of Bonds. The Bonds shall be executed on behalf of the Authority by the signature of its Executive Director or its Chief Financial Officer or the written designee of either and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Authority although on the date of such Bond any such person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.06 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like Series, tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost

of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption. The Trustee may further require all information it deems necessary to allow the Trustee to comply with any applicable reporting or withholding obligations under the Code. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. To the extent any such information is not timely provided or is incomplete or inaccurate in any respect, the Trustee will be entitled to report or withhold on any payments hereunder, without liability, to the extent it determines in its discretion such reporting or withholding, as applicable, is required under the Code.

Section 2.07 Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Bonds of the same Series, tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption. The Trustee may further require all information it deems necessary to allow the Trustee to comply with any applicable reporting or withholding obligations under the Code. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. To the extent any such information is not timely provided or is incomplete or inaccurate in any respect, the Trustee will be entitled to report or withhold on any payments hereunder, without liability, to the extent it determines in its discretion such reporting or withholding, as applicable, is required under the Code.

Section 2.08 Registration of Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection and copying by the Authority, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books Bonds as hereinbefore provided.

Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be

given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Authority). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.10 Book-Entry System.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the Authority nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bondowner shall receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written

notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondowners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.11 Applicability of Provisions to Bonds. Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.05 through 2.10 shall apply to all Bonds.

ARTICLE III

DEPOSIT AND APPLICATION; ADDITIONAL DEBT

Section 3.01 Issuance of 2020 Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver to the Trustee the Senior 2020A Bonds, the

Senior 2020A-T Bonds, the Subordinate 2020B Bonds and the Subordinate 2020B-T Bonds in the aggregate principal amount of \$[____], \$[____], \$[____] and \$[____], respectively, and the Trustee shall authenticate and deliver the 2020 Bonds upon the Written Request of the Authority.

Section 3.02 Application of Proceeds of Sale and Certain Other Amounts. On the Closing Date, the net proceeds of sale of the Senior 2020A Bonds, being \$[____] (calculated as the par amount thereof, plus/less original issue premium/discount in the amount of \$[____] less the discount of the original purchasers thereof in the amount of \$[____]), less the amount of the premium for the Senior 2020 Bonds Reserve Policy and the Senior 2020 Bond Insurance Policy paid directly to the Senior 2020 Bonds Insurer in the amount of \$[____]), the Senior 2020A-T Bonds, being \$[____] (calculated as the par amount thereof, plus/less original issue premium/discount in the amount of \$[____] less the discount of the original purchasers thereof in the amount of \$[____]), less the amount of the premium for the Senior 2020 Bonds Reserve Policy and the Senior 2020 Bond Insurance Policy paid directly to the Senior 2020 Bonds Insurer in the amount of \$[____]), the Subordinate 2020B Bonds, being \$[____] (calculated as the par amount thereof, plus/less original issue premium/discount in the amount of \$[____] less the discount of the original purchasers thereof in the amount of \$[____]), the Subordinate 2020B-T Bonds, being \$[____] (calculated as the par amount thereof, plus/less original issue premium/discount in the amount of \$[____] less the discount of the original purchasers thereof in the amount of \$[____]), shall be paid to the Trustee and deposited into the Bond Proceeds Fund.

Section 3.03 Establishment and Application of Bond Proceeds Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Bond Proceeds Fund.” Upon the receipt of moneys in the Bond Proceeds Fund, the Trustee shall promptly:

- (i) Deposit the amount of \$[____] in the Costs of Issuance Fund;
- (ii) Transfer the amount of \$[____] to United States Department of Transportation, to be applied to pay off the TIFIA Loan;
- (iii) Transfer the amount of \$[____] to the City, to be applied to the prepayment of the Lease;
- (iv) Deposit the amount of \$[____] in the 2020 Senior Reserve Account;
- (v) Deposit the amount of \$[____] in the 2020 Subordinate Reserve Account;
- (vi) Transfer the amount of \$[____] in the Construction Fund;
- (vii) Transfer to the Authority the amount of \$[____] as a reimbursement of Construction Costs;
- (viii) Transfer the amount of \$[____] in the Senior Bonds Interest Account to fund interest on the Senior 2020 Bonds through [____];

(ix) Transfer the amount of \$[_____] in the Subordinate Bonds Interest Account to fund interest on the Subordinate 2020 Bonds through [_____].

Upon the completion of such deposits and transfers, the Bond Proceeds Fund shall thereafter be closed. The Trustee may establish temporary funds or accounts in its records to record and facilitate such transfers.

Section 3.04 Costs of Issuance Fund. There is hereby established a separate fund to be known as the “Costs of Issuance Fund”, which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to any 2020 Bonds upon submission of a Written Request of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is six (6) months following the Closing Date with respect to the 2020 Bonds, or upon the earlier Written Request of the Authority, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Senior Bonds Interest Account within the Debt Service Fund and used to pay interest on the Senior 2020 Bonds, and the Costs of Issuance Fund shall be closed.

Section 3.05 Construction Fund. The Construction Fund and accounts therein are to be established and maintained by the Trustee to fund Construction Costs, as follows:

(a) The Trustee shall hold the moneys in the Construction Fund and shall disburse such moneys therefrom to pay Construction Costs. Such disbursements shall be made from time to time upon receipt of a Written Request of the Authority (in the form as set forth in Exhibit B hereto) which: (i) states with respect to each disbursement to be made: (A) the requisition number, (B) the name and address of the person, firm or authority to whom payment is due, (C) the amount to be disbursed, and (D) that each obligation therein has been properly incurred, is a Construction Cost and is a proper charge against the Construction Fund and has not been the basis of any previous disbursement; (ii) specifies in reasonable detail the nature of the obligations; (iii) is accompanied by a bill or statement of account for each obligations.

(b) If at any time there are insufficient moneys in the Costs of Issuance Fund to disburse moneys in accordance with Section 3.04 hereof, the Trustee shall disburse from the Construction Fund, subject to this Section 3.05, such additional amounts as are necessary to pay such Costs of Issuance.

Upon the delivery to the Trustee of a Certificate of Closing of Construction Fund, the Trustee shall transfer any remaining balance of money in the Construction Fund, first, to the Rebate Fund to the extent the amount on deposit therein is less than any amounts due, and then the remainder to the Excess Pledged Revenues Account and used to redeem the Subordinate Turbo Bonds under Section 2.03(b) (unless some other application of such moneys would not, in the opinion of Bond Counsel, adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds).

Section 3.06 Issuance of Additional Series of Bonds.

(a) Issuance of Additional Series of Senior Bonds. In addition to the Senior 2020 Bonds, the Authority may issue additional Series of Senior Bonds in such principal amount as shall be determined by the Authority, subject to the satisfaction of the following specific conditions precedent:

(i) the Pledged Revenues to which the Authority is entitled or estimated to be entitled under the Pledge Agreement for the then-Fiscal Year based on the most recent assessed valuation of the Former State Owned Parcels as evidenced in the written records of the City, plus the amount of any Additional Revenues, shall be at least equal to [____%] of Maximum Annual Debt Service on the Senior Bonds which will be Outstanding immediately following the issuance of such Series of Senior Bonds, and

(ii) the Pledged Revenues to which the Authority is entitled or estimated to be entitled under the Pledge Agreement for the then-Fiscal Year based on the most recent assessed valuation of the Former State Owned Parcels as evidenced in the written records of the City, plus the amount of Additional Revenues, shall be at least equal to [____%] of Maximum Annual Debt Service on the Senior Bonds and Subordinate Bonds which will be Outstanding immediately following the issuance of such Series of Senior Bonds;

(iii) the Supplemental Indenture for the issuance and delivery of such Series of Senior Bonds shall provide that interest thereon shall be payable on Interest Payment Dates, and any principal thereof due and payable in any year shall be payable on October 1 of such year (and principal on any such Series of Senior Bonds may not be subject to acceleration or declared due and payable in advance of its scheduled maturity, or any such Series of Senior Bonds required to be redeemed other than scheduled mandatory redemption dates from mandatory sinking fund payments); and

(iv) the Supplemental Indenture providing for issuance of such Senior Bonds (a) shall provide for a deposit to the Senior Bonds Reserve Account in an amount necessary such that the amount deposited therein shall equal the Senior Bonds Reserve Requirement following issuance of such Series of Senior Bonds, or (b) shall be designated "Reserve Account Excluded Senior Bonds" and the Supplemental Indenture pursuant to which such Series of Senior Bonds shall expressly declare that the Owners of such Series of Senior Bonds will have no interest in or claim to the Senior Bonds Reserve Account;

Provided, however, that if the additional Series of Senior Bonds is being issued solely to refund Outstanding Senior Bonds, and the aggregate Annual Debt Service on the proposed Senior Bonds to be issued, together with the aggregate Annual Debt Service on all other Outstanding Senior Bonds after the issuance of the proposed Series of refunding Senior Bonds, is equal to or lower than the aggregate Annual Debt Service on all Senior Bonds Outstanding after giving effect to the issuance of the proposed Series of refunding Senior Bonds for each Bond Year during which any such Series of Senior Bonds (other than the Series of refunding Senior Bonds) is scheduled to be Outstanding, then the Authority may issue such refunding Series of Senior Bonds without satisfying the condition (i) or (ii) above.

(b) Issuance of Additional Series of Subordinate Bonds. In addition to the Subordinate 2020 Bonds, the Authority may issue additional Series of Subordinate in such principal amount as shall be determined by the Authority, subject to the following specific conditions precedent:

(i) the Pledged Revenues to which the Authority is entitled or estimated to be entitled under the Pledge Agreement for the then-Fiscal Year based on the most recent assessed valuation of the Former State Owned Parcels as evidenced in the written records of the City, shall be at least equal to [_____%] of Maximum Annual Debt Service on all Senior Bonds and Subordinate Bonds which will be Outstanding immediately following the issuance of such Series of Subordinate Bonds;

(ii) the Supplemental Indenture providing for the issuance and delivery of such Series of Subordinate Bonds shall provide that interest thereon shall be payable on Interest Payment Dates, and any principal thereof due and payable in any year shall be payable on October 1 of such year (and principal on any such Series of Subordinate Bonds may not be subject to acceleration or declared due and payable in advance of its scheduled maturity, or any such Series of Subordinate Bonds required to be redeemed other than scheduled mandatory redemption dates from mandatory sinking account payments); and

(iii) the Supplemental Indenture providing for issuance of such Subordinate Bonds (a) shall provide for a deposit to the Subordinate Bonds Reserve Account in an amount necessary such that the amount deposited therein shall equal the Subordinate Bonds Reserve Requirement following issuance of the Subordinate Bonds or (b) shall be designated "Reserve Account Excluded Subordinate Bonds" and the Supplemental Indenture pursuant to which such Series of Subordinate Bonds shall expressly declare that the Owners of such Series of Subordinate Bonds will have no interest in or claim to the Subordinate Bonds Reserve Account;

Provided, however, if an additional Series of Subordinate Bonds is being issued solely to refund Outstanding Senior Bonds or Subordinate Bonds, and the aggregate Annual Debt Service on the proposed Series of Subordinate Bonds to be issued, together with the aggregate Annual Debt Service on all other Outstanding Senior Bonds and Subordinate Bonds after the issuance of the proposed Series of refunding Subordinate Bonds, is equal to or lower than the aggregate Annual Debt Service on all Senior Bonds and Subordinate Bonds Outstanding after giving effect to the issuance of the proposed Series of refunding Subordinate Bonds for each Bond Year during which any such Series of Senior Bonds or Subordinate Bonds (other than the Series of refunding Subordinate Bonds) is scheduled to be Outstanding, then the Authority may issue such refunding Series of Subordinate Bonds without satisfying the condition (i) above.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01 Security of Bonds; Equal Security.

(a) The Senior Bonds shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Revenues, and (i) a first pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund (except certain accounts described herein) and (ii) a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Senior Bonds Interest Account, the Senior Bonds Principal Account and the Senior Bonds Redemption Account therein, without preference or priority for Series, issue, number, dated date, sale date, date of execution or date of delivery. The Senior Bonds (except for any Reserve Account Excluded Senior Bonds) shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Senior Bonds Reserve Account established by Section 4.02(c). Except for the Pledged Revenues and such other moneys expressly pledged in this Indenture as security for the Senior Bonds, no funds or properties of the Authority shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Senior Bonds.

(b) The Subordinate Bonds shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Revenues on a basis subordinate to the payment of debt service on the Senior Bonds and amounts required to be deposited to the Senior Bonds Interest Account, Senior Bonds Principal Account and Senior Bonds Reserve Account pursuant to Section 4.03(a) and (b) and Section 4.04(a), (b) and (c), and (i) a pledge of, security interest in and lien upon all of the moneys in Debt Service Fund (except certain accounts as described herein) subject only to the prior and senior pledge of, security interest in and lien on all of the Pledged Revenues therein in favor of the Senior Bonds and (ii) a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Subordinate Bonds Interest Account, the Subordinate Bonds Principal Account and the Subordinate Bonds Redemption Account, without preference or priority for Series, issue, number, dated date, sale date, date of execution or date of delivery. The Subordinate Bonds (except for any Reserve Account Excluded Subordinate Bonds) shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Subordinate Bonds Reserve Account established by Section 4.02(e). Except for the Pledged Revenues and such other moneys expressly pledged in this Indenture as security for the Subordinate Bonds, no funds or properties of the Authority shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Subordinate Bonds.

(c) Except as set forth in this Indenture, in consideration of the acceptance of the Senior Bonds and Subordinate Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Senior Bonds and Subordinate Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Senior Bonds and Subordinate Bonds without preference, priority or distinction as to security or otherwise of any of the Senior Bonds and Subordinate Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein

Section 4.02 Debt Service Fund and Related Funds and Accounts. There is hereby established the funds and accounts:

(a) Debt Service Fund. There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust. The Trustee shall immediately deposit any Pledged Revenues it receives from the Authority, the Successor Agency or the City into the Debt Service Fund. The Authority shall use its best efforts to instruct the Successor Agency to deliver any Pledged Revenues within 10 days of receipt by the Successor Agency directly to the Trustee to be deposited in the Debt Service Fund. If the Authority receives any Pledged Revenues, the Authority shall promptly, and in any event no later than two Business Days after receipt, transfer all Pledged Revenues it receives under the Pledge Agreement to the Trustee to be deposited in the Debt Service Fund. The Trustee shall retain all amounts on deposit in the Debt Service Fund until and to the extent required by this Article IV.

(b) Senior Bonds Accounts. There are hereby established the following accounts, which the Trustee shall hold in trust hereunder:

(i) *Senior Bonds Interest Account.* All moneys in the Senior Bonds Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Senior Bonds as it shall become due and payable.

(ii) *Senior Bonds Principal Account.* All moneys in the Senior Bonds Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Senior Bonds as it shall become due and payable and the principal of the Term Senior Bonds as it shall become due and payable upon redemption or otherwise

(iii) *Senior Bonds Redemption Account.* All moneys in the Senior Bonds Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Senior Bonds to be redeemed pursuant to Section 2.03(a) on the date set for such redemption.

(c) Senior Bonds Reserve Account. There is hereby established a Senior Bonds Reserve Account, which the Trustee shall hold in trust hereunder, and which shall be subject to the following terms and conditions:

(i) The Senior Bonds Reserve Account shall serve solely as security for payments payable by the Authority with respect to the Senior Bonds (except for Reserve Account Excluded Senior Bonds).

(ii) Except as provided below in this Section 4.02(c), all money in the Senior Bonds Reserve Account and any subaccount thereof shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Senior Bonds Interest Account and the Senior Bonds Principal Account to pay debt service on the Senior Bonds (other than Reserve Account Excluded Senior Bonds), in the event of any deficiency at any time in any of such accounts in the following manner and in the following order of priority:

(A) On any Interest Payment Date, if the amount on deposit in the Senior Bonds Interest Account shall be insufficient to pay interest on the Senior Bonds due and payable on such Interest Payment Date, then the Trustee shall withdraw the amount of such insufficiency from the Senior Bonds Reserve Account and deposit such amount in the Senior Bonds Interest Account; and

(B) On any October 1 Interest Payment Date, if the amount on deposit in the Senior Bonds Principal Account shall be insufficient to pay the sum of (i) the aggregate amount of principal coming due and payable on such October 1 Interest Payment Date on the Senior Bonds and (ii) the aggregate principal amount of the Term Senior Bonds required to be redeemed on such October 1 Interest Payment Date, then the Trustee shall withdraw the amount of such insufficiency from the Senior Bonds Reserve Account and deposit such amount in the Senior Bonds Principal Account.

(iii) If, on any Second Debt Service Transfer Date or on the date of any retirement of Senior Bonds or defeasance of Senior Bonds pursuant to Article IX hereof, the amount in the Senior Bonds Reserve Account and any subaccount thereof is in excess of the Senior Bonds Reserve Requirement, the Trustee shall withdraw such surplus and deposit such amount in the [Senior Bonds Interest Account for the payment of debt service solely on the Senior Bonds]. For purposes of calculating the Senior Bonds Reserve Requirement as of any Second Debt Service Transfer Date, the Trustee shall calculate the Senior Bonds Reserve Requirement as of the next October 1 after giving effect to any scheduled payments of principal of Senior Bonds and any scheduled redemption of Term Senior Bonds that will be paid from amounts on deposit in the Senior Bonds Principal Account after giving effect to the deposit into the Senior Bonds Principal Account in Section 4.04(c) below. All amounts in the Senior Bonds Reserve Account and any subaccount thereof on the Business Day preceding the final Interest Payment Date with respect to the Senior Bonds shall be withdrawn from the Senior Bonds Reserve Account and any subaccount thereof and shall be transferred to the Senior Bonds Interest Account and the Senior Bonds Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to Section 4.03 and Section 4.04 for the payment of debt service solely on the Senior Bonds. Additionally, amounts on deposit in the Senior Bonds Reserve Account and any subaccount thereof may be released in connection with the issuance of bonds or other obligations issued to refund Senior Bonds, provided that amounts remaining on deposit therein after such release shall be equal to the Senior Bonds Reserve Requirement.

(iv) The Authority shall have the right at any time to direct the Trustee to release funds from the Senior Bonds Reserve Account or any subaccount thereof, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Senior 2020 Bonds that are Tax Exempt Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Authority to the Trustee of written calculation of the amount permitted to be released from the Senior Bonds Reserve Account or any subaccount thereof (upon which calculation the Trustee may conclusively rely), the Trustee shall

transfer such funds from the Senior Bonds Reserve Account or any subaccount thereof to [the Authority to be applied for any lawful purpose].

(v) The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this paragraph (c).

(vi) If the Senior Bonds Reserve Requirement is being maintained partially in cash and Permitted Investments and partially with a Qualified Reserve Account Credit Instrument, to the extent that the Trustee makes any withdrawals from the Senior Bonds Reserve Requirement under Section 4.02(c)(ii) above, the Trustee shall withdraw all the cash and Permitted Investments first before making any draw under any such Qualified Reserve Account Credit Instrument. If the Senior Bonds Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw pursuant to Section 4.02(c)(ii) above shall be *pro rata* with respect to each such instrument.

(vii) In the event that a Qualified Reserve Account Credit Instrument delivered with respect to a Series of Senior Bonds is available to be drawn upon for only one Series of Senior Bonds, a separate subaccount in the Senior Bonds Reserve Account may be established for such Series, and the calculation of the Senior Bonds Reserve Requirement with respect to all other Senior Bonds shall exclude the debt service on such Series of Senior Bonds, and the Senior Bonds secured by such Qualified Reserve Account Credit Instrument shall not have access to any other amounts on deposit in the Senior Bonds Reserve Account or subaccount thereof. Additionally, the Senior Bonds Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate Series of the Senior Bonds in conformity with applicable provisions of the Code to the extent directed in a Written Instruction of the Authority. Additionally, the Authority may, in its discretion, combine amounts on deposit in the Senior Bonds Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Senior Bonds in order to maintain a combined reserve account for the Senior Bonds, except for Reserve Account Excluded Senior Bonds and subject to the definition of Senior Bonds Reserve Requirement.

(d) Subordinate Accounts. There are hereby established the following accounts, which the Trustee shall hold in trust hereunder:

(i) *Subordinate Bonds Interest Account.* All moneys in the Subordinate Bonds Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Subordinate Bonds as it shall become due and payable.

(ii) *Subordinate Bonds Principal Account.* All moneys in the Subordinate Bonds Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Subordinate Bonds as it shall become due

and payable and the principal of the Term Subordinate Bonds as it shall become due and payable upon redemption or otherwise.

(iii) *Subordinate Bonds Redemption Account.* All moneys in the Subordinate Bonds Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Subordinate Bonds to be redeemed pursuant to Section 2.03(a) on the date set for such redemption.

(e) Subordinate Bonds Reserve Account. There is hereby established a Subordinate Bonds Reserve Account, which the Trustee shall hold in trust hereunder, and which shall be subject to the following terms and conditions:

(i) The Subordinate Bonds Reserve Account shall serve solely as security for payments payable by the Authority with respect to the Subordinate Bonds (except for Reserve Account Excluded Subordinate Bonds).

(ii) Except as provided below in this Section 4.02(e), all money in the Subordinate Bonds Reserve Account and any subaccount thereof shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Subordinate Bonds Interest Account and the Subordinate Bonds Principal Account to pay debt service on the Subordinate Bonds (other than Reserve Account Excluded Subordinate Bonds), in the event of any deficiency at any time in any of such accounts in the following manner and in the following order of priority:

(A) On any Interest Payment Date, if the amount on deposit in the Subordinate Bonds Interest Account shall be insufficient to pay interest on the Subordinate Bonds due and payable on such Interest Payment Date, then the Trustee shall withdraw the amount of such insufficiency from the Subordinate Bonds Reserve Account and deposit such amount in the Subordinate Bonds Interest Account; and

(B) On any October 1 Interest Payment Date, if the amount on deposit in the Subordinate Bonds Principal Account shall be insufficient to pay the sum of (i) the aggregate amount of principal coming due and payable on such October 1 Interest Payment Date on the Subordinate Bonds and (ii) the aggregate principal amount of the Term Subordinate Bonds required to be redeemed on such October 1 Interest Payment Date, then the Trustee shall withdraw the amount of such insufficiency from the Subordinate Bonds Reserve Account and deposit such amount in the Subordinate Bonds Principal Account.

(iii) If, on any Second Debt Service Transfer Date or on the date of any retirement of Subordinate Bonds or defeasance of Subordinate Bonds pursuant to Article IX hereof, the amount in the Subordinate Bonds Reserve Account and any subaccount thereof is in excess of the Subordinate Bonds Reserve Requirement, the Trustee shall withdraw such surplus and deposit such amount in the [Subordinate Bonds Interest Account for the payment of debt service solely on the Subordinate Bonds]. For purposes of calculating the Subordinate Bonds Reserve Requirement on any Second Debt Service Transfer Date, the Trustee shall calculate the Subordinate Bonds Reserve Requirement as

of the immediately succeeding October 1 after giving effect to any scheduled payments of principal of Subordinate Bonds, any scheduled redemption of Term Subordinate Bonds that will be paid from amounts on deposit in the Subordinate Bonds Principal Account after giving effect to the deposit into the Subordinate Bonds Principal Account in Section 4.04(f) below and the redemption of the principal amount of Subordinate Turbo Bonds pursuant to Section 2.03(b) that the Trustee calculates will occur after giving effect to the required deposits set forth in Section 4.04. All amounts in the Subordinate Bonds Reserve Account and any subaccount thereof on the Business Day preceding the final Interest Payment Date with respect to the Subordinate Bonds shall be withdrawn from the Subordinate Bonds Reserve Account and any subaccount thereof and shall be transferred to the Subordinate Bonds Interest Account and the Subordinate Bonds Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to Section 4.03 and Section 4.04 for the payment of debt service solely on the Subordinate Bonds. Additionally, amounts on deposit in the Subordinate Bonds Reserve Account and any subaccount thereof may be released in connection with the issuance of bonds or other obligations issued to refund Subordinate Bonds, provided that amounts remaining on deposit therein after such release shall be equal to the Subordinate Bonds Reserve Requirement.

(iv) The Authority shall have the right at any time to direct the Trustee to release funds from the Subordinate Bonds Reserve Account or any subaccount thereof, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Subordinate 2020 Bonds that are Tax Exempt Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Authority to the Trustee of written calculation of the amount permitted to be released from the Subordinate Bonds Reserve Account or any subaccount thereof (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Subordinate Bonds Reserve Account or any subaccount thereof to [the Authority to be applied for any lawful purpose].

(v) The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this paragraph (c).

(vi) If the Subordinate Bonds Reserve Requirement is being maintained partially in cash and Permitted Investments and partially with a Qualified Reserve Account Credit Instrument, to the extent that the Trustee makes any withdrawals from the Subordinate Bonds Reserve Requirement under Section 4.02(c)(ii) above, the Trustee shall withdraw all the cash and Permitted Investments first before making any draw under any such Qualified Reserve Account Credit Instrument. If the Subordinate Bonds Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw pursuant to Section 4.02(c)(ii) above shall be *pro rata* with respect to each such instrument.

(vii) In the event that a Qualified Reserve Account Credit Instrument delivered with respect to a Series of Subordinate Bonds is available to be drawn upon for only one Series of Subordinate Bonds, a separate subaccount in the Subordinate Bonds Reserve Account may be established for such Series, and the calculation of the Subordinate Bonds Reserve Requirement with respect to all other Subordinate Bonds shall exclude the debt service on such Series of Subordinate Bonds, and the Subordinate Bonds secured by such Qualified Reserve Account Credit Instrument shall not have access to any other amounts on deposit in the Subordinate Bonds Reserve Account or subaccount thereof. Additionally, the Subordinate Bonds Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate Series of the Subordinate Bonds in conformity with applicable provisions of the Code to the extent directed in a Written Instruction of the Authority. Additionally, the Authority may, in its discretion, combine amounts on deposit in the Subordinate Bonds Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Subordinate Bonds in order to maintain a combined reserve account for the Subordinate Bonds, except for Reserve Account Excluded Subordinate Bonds and subject to the definition of Subordinate Bonds Reserve Requirement.

(f) Priority Administrative Expense Fund.

(i) There is hereby established a Priority Administrative Expense Fund, which the Trustee shall hold in trust hereunder. The Trustee shall hold the moneys in the Priority Administrative Expense Fund and shall disburse such moneys therefrom to pay Priority Administrative Expenses. All moneys on deposit in the Priority Administrative Expense Fund shall be used and withdrawn by the Trustee for the sole purpose of paying Priority Administrative Expenses.

(ii) The Trustee shall disburse amounts from the Priority Administrative Expense Fund from time to time upon receipt of a Written Request of the Authority which states with respect to each disbursement to be made: (i) the requisition number, (ii) the amount to be disbursed, and (iii) that all disbursed amounts constitute Priority Administrative Expenses.

(g) Other Administrative Expense Fund.

(i) There is hereby established an Other Administrative Expense Fund, which the Trustee shall hold in trust hereunder. Except as provided in (iii) below, the Trustee shall hold the moneys in the Other Administrative Expense Fund and shall disburse such moneys therefrom to pay Other Administrative Expenses. All moneys on deposit in the Other Administrative Expense Fund shall be used and withdrawn by the Trustee for the sole purpose of paying Other Administrative Expenses.

(ii) The Trustee shall disburse amounts from the Other Administrative Expense Fund from time to time upon receipt of a Written Request of the Authority which states with respect to each disbursement to be made: (i) the requisition number, (ii) the amount to be disbursed, and (iii) that all disbursed amounts constitute Other Administrative Expenses.

(iii) Upon a Written Request of the Authority, the Trustee shall withdraw amounts from the Other Administrative Expense Fund and deposit such amounts in any accounts or funds in the Debt Service Fund as the Authority shall specify.

(h) Excess Pledged Revenues Fund. There is hereby established an Excess Pledged Revenues Fund, which the Trustee shall hold in trust hereunder. All moneys on deposit in the Excess Pledged Revenues Fund shall be used and withdrawn by the Trustee for the sole purpose of paying the redemption price of the Subordinate Turbo Bonds under Section 2.03(b) of this Indenture.

Section 4.03 Deposit of Amounts by Trustee in Debt Service Fund on First Debt Service Transfer Date. So long as any Bonds remain Outstanding, on the First Debt Service Transfer Date, the Trustee shall withdraw from the Debt Service Fund and deposit the following amounts in the following funds and accounts in the following order of priority:

(a) Priority Administrative Expense Fund. First, the Trustee shall withdraw from the Debt Service Fund and deposit into the Priority Administrative Expense Fund an amount which the Authority specifies in a Written Certificate of the Authority is equal to the estimate by the Authority of the amount of Priority Administrative Expenses that will be due or payable and remain unpaid during the then-current Bond Year, less the amount then on deposit in the Priority Administrative Expense Fund.

(a) Senior Bonds Interest Account. Second, the Trustee shall withdraw from the Debt Service Fund and deposit into the Senior Bonds Interest Account an amount which, when added to the amount on deposit in the Senior Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Senior Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Senior Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Senior Bonds.

(b) Senior Bonds Reserve Account. Third, if the amount on deposit in the Senior Bonds Reserve Account is less than the Senior Bonds Reserve Requirement as of the First Debt Service Transfer Date, then the Trustee shall withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Senior Bonds Reserve Account.

(c) Subordinate Bonds Interest Account. Fourth, the Trustee shall withdraw from the Debt Service Fund and deposit into the Subordinate Bonds Interest Account an amount which, when added to the amount on deposit in the Subordinate Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Subordinate Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Subordinate Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Subordinate Bonds.

Section 4.04 Deposit of Amounts by Trustee in Debt Service Fund on Second Debt Service Transfer Date. So long as any Bonds remain Outstanding, on the Second Debt Service

Transfer Date, the Trustee shall withdraw from the Debt Service Fund and deposit the following amounts in the following funds and accounts in the following order of priority:

(a) Priority Administrative Expense Fund. First, if the amount on deposit in the Priority Administrative Expense Fund is less than the Priority Administrative Expense Cap, then the Trustee shall withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Priority Administrative Expense Fund.

(b) Senior Bonds Interest Account. Second, the Trustee shall withdraw from the Debt Service Fund and deposit into the Senior Bonds Interest Account an amount which, when added to the amount on deposit in the Senior Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Senior Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Senior Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Senior Bonds.

(c) Senior Bonds Principal Account. Third, the Trustee shall withdraw from the Debt Service Fund and deposit in the Senior Bonds Principal Account an amount which, when added to the amount on deposit in the Senior Bonds Principal Account on that date, will be equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Senior Bonds and (ii) the aggregate principal amount of the Term Senior Bonds scheduled to be redeemed on the next October 1. No such deposit need be made to the Senior Bonds Principal Account if the amount contained therein is at least equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Senior Bonds and (ii) the aggregate principal amount of the Term Senior Bonds required to be redeemed on the next October 1.

(d) Senior Bonds Reserve Account. Fourth, if the amount on deposit in the Senior Bonds Reserve Account as of the Second Debt Service Transfer Date is less than the Senior Bonds Reserve Requirement, then the Trustee shall withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Senior Bonds Reserve Account. For purposes of this Section 4.04(d), the Trustee shall calculate the Senior Bonds Reserve Requirement as of the next October 1 after giving effect to any scheduled payments of principal of Senior Bonds and any scheduled redemption of Term Senior Bonds that will be paid from amounts on deposit in the Senior Bonds Principal Account after giving effect to the deposit into the Senior Bonds Principal Account in Section 4.04(c) above.

(e) Subordinate Bonds Interest Account. Fifth, the Trustee shall withdraw from the Debt Service Fund and deposit into the Subordinate Bonds Interest Account an amount which, when added to the amount on deposit in the Subordinate Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Subordinate Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Subordinate Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Subordinate Bonds.

(f) Subordinate Bonds Principal Account. Sixth, the Trustee shall withdraw from the Debt Service Fund and deposit in the Subordinate Bonds Principal Account an amount

which, when added to the amount on deposit in the Subordinate Bonds Principal Account on that date, will be equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Subordinate Bonds and (ii) the aggregate principal amount of the Term Subordinate Bonds required to be redeemed on the next October 1. No such deposit need be made to the Subordinate Bonds Principal Account if the amount contained therein is at least equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Subordinate Bonds and (ii) the aggregate principal amount of the Term Subordinate Bonds required to be redeemed on the next October 1.

(g) Subordinate Bonds Reserve Account. Seventh, if the amount on deposit in the Subordinate Bonds Reserve Account as of the Second Debt Service Transfer Date is less than the Subordinate Bonds Reserve Requirement, then the Trustee shall withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Subordinate Bonds Reserve Account. For purposes of this Section 4.04(g), the Trustee shall calculate the Subordinate Bonds Reserve Requirement as of the immediately succeeding October 1 after giving effect to any scheduled payments of principal of Subordinate Bonds, any scheduled redemption of Term Subordinate Bonds that will be paid from amounts on deposit in the Subordinate Bonds Principal Account after giving effect to the deposit into the Subordinate Bonds Principal Account in Section 4.04(f) above and the redemption of the principal amount of Subordinate Turbo Bonds pursuant to Section 2.03(b) that the Trustee calculates will occur after giving effect to the required deposits set forth in this Section 4.04.

(h) Other Administrative Expense Fund. Eighth, if the amount on deposit in the Other Administrative Expense Fund is less than the Other Administrative Expense Cap, then the Trustee shall withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Other Administrative Expense Fund.

(i) Rebate Fund. Ninth, the Trustee shall withdraw from the Debt Service Fund any amounts required pursuant to Section 4.05 or the Tax Certificate and deposit such amount in the Rebate Fund.

(j) Excess Pledged Revenues Fund. Tenth, for so long as any Subordinate Turbo Bonds remain Outstanding, the Trustee shall withdraw from the Debt Service Fund all remaining funds after giving effect to the deposits required by paragraphs (a) through (i) of this Section 4.04 and deposit such amount in the Excess Pledged Revenues Fund.

(k) Surplus to the Authority. Eleventh, on any Second Debt Service Transfer Date on which no Subordinate Turbo Bonds remain Outstanding, except as provided by any Supplemental Indenture, on October 2 of each year, so long as all deposits required by paragraphs (a) through (i) of this Section 4.04 have been satisfied, the Trustee shall transfer any remaining amounts in the Debt Service Fund to the Authority to be used for any lawful purpose and such amounts shall not longer constitute “Pledged Revenues” under this Indenture and shall not longer be subject to any liens or charges established by this Indenture.

Section 4.05 Rebate Fund. The Trustee shall establish, when required, a separate fund for the 2020 Bonds designated the “Rebate Fund.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Tax Exempt 2020

Bonds will not be adversely affected, the Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Tax-Exempt 2020 Bonds shall be governed by this Section and the Tax Certificate, unless the Authority obtains and delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on the Tax-Exempt 2020 Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the Authority, and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the Authority with the Tax Certificate or the provisions of this Section.

(a) Excess Investment Earnings.

(i) Computation. Within 55 days of the end of each fifth Bond Year with respect to the Tax-Exempt 2020 Bonds, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Bond Year with respect to the Tax-Exempt 2020 Bonds, upon the Chief Financial Officer’s written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.05(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Chief Financial Officer, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The Authority shall direct the Trustee in writing to pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Bond Year with respect to the Tax-Exempt 2020 Bonds, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(Y) Not later than 60 days after the payment of all the Tax Exempt 2020 Bonds, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Section 4.05(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the Authority, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Tax-Exempt 2020 Bonds and the payments described in Section 4.05(a)(iii), shall be transferred by the Trustee to the Authority at the written direction of the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.05 or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Tax-Exempt 2020 Bonds.

(d) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of the Authority. The Trustee shall have no responsibility to make any calculations of rebate or to independently review or verify such calculations.

Section 4.06 Provisions Relating to the Senior 2020 Bonds Insurance Policy. [TO COME]

Section 4.07 Provisions Relating to Senior 2020 Bonds Reserve Policy. [TO COME]

ARTICLE V

OTHER COVENANTS OF THE AUTHORITY

Section 5.01 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The Authority shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Bonds. Nothing herein contained shall

prevent the Authority from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02 Limitation on Additional Indebtedness; Against Encumbrances. The Authority hereby covenants that, so long as the Bonds are Outstanding, the Authority shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Revenues (i) on a basis senior to the Senior Bonds or on a basis senior to the Subordinate Bonds and subordinate to the Senior Bonds, or (ii) on a parity with the Senior Bonds or on parity with the Subordinate Bonds unless the requirements of Section 3.06 are met. The Authority will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

Section 5.03 Extension of Payment. The Authority will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Authority, such Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this 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 which shall not have been so extended or funded.

Section 5.04 Payment of Claims. The Authority shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Authority or upon the Pledged Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Authority to make any such payment so long as the Authority in good faith shall contest the validity of said claims.

Section 5.05 Books and Accounts; Financial Statements. The Authority shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Authority, in which complete and correct entries shall be made of all transactions relating to this Indenture and the Pledged Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Senior 2020 Bonds Insurer and the Owners of not less than 10% in aggregate principal amount of the Senior Bonds then Outstanding, or their representatives authorized in writing.

Section 5.06 Protection of Security and Rights of Owners. The Authority will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to Bonds, the Bonds shall be incontestable by the Authority.

Section 5.07 Payments of Taxes and Other Charges. Except as otherwise provided herein, the Authority will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Authority or the properties then owned by the Authority, or upon the revenues therefrom

when the same shall become due. Nothing herein contained shall require the Authority to make any such payment so long as the Authority in good faith shall contest the validity of said taxes, assessments or charges.

Section 5.08 Dissolution Act Invalid; Maintenance of Pledged Revenues. The Authority shall comply with all requirements of applicable law, including without limitation the Law, and the Pledge Agreement. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Law or the equivalent become applicable to the Bonds, the Authority will use its best efforts to ensure that the Successor Agency complies with all requirements of the Law or the equivalent to ensure the allocation and payment to it of the Pledged Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the City and, in the case of amounts payable by the State, appropriate officials of the State.

Section 5.09 Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Tax Exempt Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will take no action or refrain from taking any action or make any use of the proceeds of the Tax Exempt Bonds or of any other monies or property which would cause the Tax Exempt Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Authority will make no use of the proceeds of the Tax Exempt Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Tax Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guaranty. The Authority will make no use of the proceeds of the Tax Exempt Bonds or take or omit to take any action that would cause the Tax Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(e) Hedge Bonds. The Authority will make no use of the proceeds of the Tax Exempt Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either any Tax Exempt Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Authority takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Tax Exempt Bonds for federal income tax purposes; and

(f) Miscellaneous. The Authority will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Authority in connection with each issuance of Tax Exempt Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 5.10 Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.11 Pledge Agreement. The Authority hereby covenants and agrees that it will not amend the Pledge Agreement in any way that materially adversely affects the interest of the Owners.

Section 5.12 Further Assurances.

(a) The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

(b) The Authority shall use its best efforts to instruct the Successor Agency to deliver any Pledged Revenues within 10 days of receipt by the Successor Agency directly to the Trustee to be deposited in the Debt Service Fund. If the Authority receives any Pledged Revenues, the Authority shall promptly, and in any event no later than two Business Days after receipt, transfer all Pledged Revenues it receives under the Pledge Agreement to the Trustee to be deposited in the Debt Service Fund. The Authority hereby agrees that it will not commingle any Pledged Revenues with any other assets or monies of the Authority.

(c) The Authority hereby covenants and agrees that it will exercise all rights and remedies and take all action required under the Pledge Agreement in order to protect the pledge and lien on the Pledged Revenues. The Authority will use its best efforts to take all actions necessary to enforce its rights under the Pledge Agreement to receive the Net Tax Increment. The Authority will use its best efforts to ensure that the City and the Successor Agency take all actions required under the Dissolution Act to include the amount of the Net Tax Increment under the Pledge Agreement in the ROPS that the Authority would have been entitled to under the Pledge Agreement if the Former Agency were not dissolved under the Dissolution Act, and the Authority will use its best efforts to ensure that the Successor Agency timely files its ROPS with DOF.

ARTICLE VI

THE TRUSTEE

Section 6.01 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Authority may remove the Trustee at any time, but only with the consent of all Insurers, upon thirty days' prior written notice, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Authority has knowledge that the Trustee shall cease to be eligible in accordance with subsection (f) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Authority to the Trustee, with a copy to any Insurer, whereupon the Authority shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving prior written notice of such resignation to the Authority and by giving the Owners and any Insurer notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing, with notice of such appointment to be furnished to any Insurer.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Authority for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally

named Trustee herein; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall cause either the predecessor Trustee or the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books.

(e) If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.03(d) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee shall, within thirty (30) days of the Trustee's knowledge thereof, give such notice to any Insurer, and the Trustee, with the consent of any Insurer may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Owner not to give such notice.

(f) The Authority agrees that, so long as any Bonds are Outstanding, the Trustee shall be: (i) a financial institution having a trust office in the State, having (or in the case of a corporation, national banking association or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$250,000,000, and subject to supervision or examination by federal or state authority; (ii) a state-chartered commercial bank that is a member of the Federal Reserve System having at least \$1,000,000,000 of assets; or (iii) an entity otherwise approved by all Insurers in writing. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 6.02 Merger or Consolidation. Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under

subsection (f) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or misconduct as finally determined by a court of competent jurisdiction. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

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

(c) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or misconduct of the Trustee as finally determined by a court of competent jurisdiction. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the Authority at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(e) The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the Authority or with respect to the observance or performance by the Authority of the other conditions, covenants and terms

contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Authority pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

(h) The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(i) Before taking any action under Article VIII or this Article at the request of the Owners or any Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners or any Insurer for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is finally adjudicated by a court of competent jurisdiction to have resulted from its negligence or willful misconduct in connection with any action so taken.

(j) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means

to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(k) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(l) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Section 6.04 Right to Rely on Documents and Opinions. The Trustee shall have no liability in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Authority, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the Authority.

Section 6.05 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession subject to its

record retention policies and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the Authority and any Insurer and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06 Compensation and Indemnification. The Authority shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Authority and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a lien on the Pledged Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Authority further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur to the extent arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or misconduct of the Trustee, its officers, directors, agents or employees as finally determined by a court of competent jurisdiction. The obligations of the Authority and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07 Deposit and Investment of Moneys in Funds. [Moneys in the Debt Service Fund, the Bond Proceeds Fund and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Authority in the Written Request of the Authority filed with the Trustee, except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless for any Permitted Investment described in clause (g) of the definition thereof. In the absence of any such Written Request of the Authority, the Trustee shall invest such moneys in the Permitted Investment described in clause (d) of the definition thereof. The Trustee shall be entitled to rely conclusively upon the written instructions of the Authority directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Authority's expense. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Senior Bonds Interest Account (pro-rata among sub-accounts); provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Senior

Bonds Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Authority or otherwise made in accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.]

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the Authority monthly cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Authority for earnings derived from funds that have been invested.

The Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of any Tax Exempt Bonds (within the meaning of Section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow its normal practice in determining the value of Permitted Investments, which may include utilizing computerized securities pricing services that may be available to it including those available through its regular accounting system.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the Authority at their present value (within the meaning of Section 148 of the Code). Investments on deposit in the Reserve Account shall be valued semiannually two (2) Business Days preceding each [_____ 1 and _____ 1] at their Fair Market Value.

Section 6.08 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority upon reasonable prior notice, at reasonable hours and under reasonable circumstances.

Section 6.09 Other Transactions with Authority. The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Authority.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01 Amendment With And Without Consent of Owners. This Indenture and the rights and obligations of the Authority and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Owners or any Insurer to the extent permitted by law, but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, including any covenant or agreement that provides for additional security for the Senior Bonds or Subordinate Bonds, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Authority, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Senior Bonds or Subordinate Bonds in accordance with Section 3.06; or

(d) to amend any provision hereof to permit the issuance of Senior Parity Debt pursuant to a Senior Parity Debt Instrument in lieu of issuing Senior Bonds or Subordinate Parity Debt pursuant to a Subordinate Parity Debt Instrument in lieu of issuing Subordinate Bonds, including (without limitation) amendments to Section 3.06, Article IV and this Article VII (and any related definitions) to permit the equal and ratable payment of any such Senior Parity Debt with Senior Bonds or any such Subordinate Parity Debt with Subordinate Bonds, provided that the issuance of any such Senior Parity Debt or Subordinate Parity Debt satisfies the requirements of Section 3.06 of this Indenture assuming for such purposes that references to Senior Bonds and Subordinate Bonds in Section 3.06 refer to Senior Parity Debt or Subordinate Parity Debt, respectively; or

(e) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

(f) to comply with, or permit the Successor Agency or the City to comply with, amendments or supplements to the Dissolution Act or take any other action under any such amendments or supplements to ensure the continuing enforceability of the Pledge Agreement; or

(g) to permit the Authority to enforce its rights and interest under the Pledge Agreement; or

(h) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument; or

(i) in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Authority, materially adversely affect the interests of the Owners;

Provided, however, that, if any amendments, supplements, modifications to or waivers of the Indenture pursuant to any Supplemental Indenture which adversely affect the rights or interest of any Insurer, the Authority and the Trustee shall not execute any such Supplemental Indenture without the prior written consent of such Insurer so long as the related municipal bond or financial guaranty insurance policy is in full force and effect and the Insurer is not in default of its obligations thereunder; provided, further, that any amendment, supplements or modifications of the Indenture pursuant to any Supplemental Indenture which permits the Owners of the Subordinate Bonds to declare all principal on the Subordinate Bonds to be immediately due and payable upon an Event of Default or comparable event shall not require the consent of the Owners of the Senior Bonds.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Authority and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when: (i) the written consent of each Insurer (but only to the extent that such Insurer has not defaulted on its obligations with respect to any Bonds insured by such Insurer); and (ii) the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee; provided, however, to the extent the modification or amendment relates solely to rights or obligations of the Owners of the Senior Bonds, upon the filing of the consent of the Owners of majority in aggregate principal amount of the Senior Bonds then Outstanding are filed with the Trustee or to the extent the modification or amendment relates solely to rights or obligations of the Owners of the Subordinate Bonds, upon the filing of the consent of the Owners of majority in aggregate principal amount of the Subordinate Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (A) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest, or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of any Insurer or the Owner of such Bond, or (B) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture adversely affect the security for the Bonds or modify any of the rights or obligations of any Insurer without its prior written consent.

Section 7.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be

determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Authority may, with the prior written consent of any Insurer, determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such amendment or modification and in that case upon demand of the Authority the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Authority may determine that new Bonds shall be prepared at the expense of the Authority and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Authority, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

Section 7.04 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond and, provided further that written consent to such amendment shall first be obtained from any Insurer.

Section 7.05 Opinion of Counsel. The Trustee may rely on an opinion of counsel, and conclusively rely on an opinion of counsel, to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on any Tax Exempt Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

Section 7.06 Copy of Supplemental Indenture to Rating Agencies. The Authority shall provide to any rating agency rating the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least [fifteen (15)] days prior to its proposed effective date.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01 Events of Default. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the Authority in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise; provided that if such default only relates to the payment of the principal of and interest on the Subordinate Bonds, such Event of Default shall relate only to the Subordinate Bonds;

(b) if default shall be made by the Authority in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the Authority of written notice from the Trustee or any Owner of the occurrence of such default, provided that if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an event of default if corrective action is instituted by the Authority within such 30 day period and the Authority thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) If the Authority files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the Authority seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Authority or of the whole or any substantial part of its property; or

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Authority by telephone promptly confirmed in writing.

In determining whether an Event of Default has occurred under (a) above, no effect shall be given to payments made under any municipal bond insurance policy, financial guaranty insurance policy or Qualified Reserve Account Credit Instrument.

If an Event of Default with respect to the Senior Bonds has occurred and is continuing, the Trustee may, or, if requested in writing by the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding, the Trustee shall: (i) subject to the provisions of Section 8.03, exercise any remedies available to the Trustee and the Senior Bond Owners in law or at equity; and (ii) not take any action that could materially adversely affect the interests of the Owners of the Senior Bonds and such Owners shall have the right to control all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture as set forth in Section 8.05 of this Indenture.

If an Event of Default relating solely to the Subordinate Bonds has occurred and is continuing, the Trustee may, or, if requested in writing by the Owners of a majority in aggregate principal amount of the Subordinate Bonds then Outstanding, the Trustee shall, subject to the provisions of Section 8.03, exercise any remedies available to the Trustee and the Subordinate Bond Owners in law or at equity. Upon the occurrence and during the continuance of such an Event of Default, the Trustee shall not take any action that could materially adversely affect the interest of the Owners of the Senior Bonds.

Section 8.02 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.03 Limitation on Owner's Right to Sue. No Owner of any Bonds issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Authority, the Trustee and any Insurer written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) 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.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.04 Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay from the Pledged Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Authority, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.05 Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, provided, however, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Section 8.06 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.07 Determination of Percentage of Bondowners. Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

ARTICLE IX

DEFEASANCE

Section 9.01 Discharge of Bonds and Indenture. (a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the interest and principal represented thereby at the times and in the manner stipulated herein and therein, then

such Owners shall cease to be entitled to the pledge of and lien on the Pledged Revenues as provided herein, and all agreements and covenants of the Authority and the Trustee to such Owners hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 9.01 if (i) in case said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, in accordance with the provisions of Article II, notice of redemption of such Bonds on said redemption date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations which are not callable or subject to redemption prior to their respective maturity dates, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a report of an independent certified public accountant or other independent financial consultant), to pay when due the principal or redemption price (if applicable) of, and interest due and to become due on, said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event any of said Bonds are not to be redeemed within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Article II, a notice to the Owners of such Bonds and to the securities depositories and information services specified in Section 2.03 hereof that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 9.01(b) and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal or redemption price (if applicable) of said Bonds. Neither the securities nor moneys deposited with the Trustee pursuant to this Section 9.01(b) nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price (if applicable) of, and interest on said Bonds; *provided* that Defeasance Obligations deposited with the Trustee pursuant to this Section 9.01(b) may be sold upon the written request of the Authority and the proceeds concurrently reinvested in other Defeasance Obligations which satisfy the conditions of (ii) above provided that the Trustee receives an Opinion of Counsel to the effect that such sale and reinvestment does not adversely affect the exclusion of interest on the Tax Exempt Bonds from federal income taxes, and *provided further* that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, and at the direction of the Authority, be reinvested in Defeasance Obligations maturing at times and in amounts, together with the other moneys and payments with respect to securities then held by the Trustee pursuant to this Section, sufficient to pay when due the principal or redemption price (if applicable) of, and interest to become due with respect to said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Request of the Authority, be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge. Nothing in this Section 9.01(b) shall preclude redemptions pursuant to Section 2.03 hereof.

Any release under this Section 9.01(b) shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under this Indenture and

all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts by this Indenture created and the performance of its powers and duties under this Indenture; *provided however*, that the Trustee shall have no right, title or interest in, or lien on, any moneys or securities deposited pursuant to this Article IX.

(c) After the payment or deemed payment of all the interest and principal of all Outstanding Bonds as provided in this Section, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Indenture, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant hereto which are not required for the payment of the principal of, premium, if any, and interest on, such Bonds. Notwithstanding the discharge and satisfaction of this Indenture, Owners of Bonds shall thereafter be entitled to payments due under the Bonds, but only from amounts deposited pursuant to Section 9.01(a) hereof and from no other source.

ARTICLE X

MISCELLANEOUS

Section 10.01 Special Obligations. The Bonds are special obligations of the Authority secured by a pledge and lien as described in Section 4.01 hereof and shall be payable solely from Pledged Revenues. The Bonds are not debts, liabilities or obligations of the City, any member of the Authority, the State, or any of its political subdivisions, and neither said City, said members, said State, nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than Pledged Revenues. The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.02 Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, each Insurer, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, such Insurers and the Owners. Each Insurer (including the Senior 2020 Bonds Insurer) is hereby explicitly recognized as being and will be deemed to be a third-party beneficiary hereunder and may enforce the provisions of this Indenture as if it were a party hereto.

Section 10.03 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.04 Execution of Documents and Proof of Ownership by Owners. Any request, consent, declaration or other instrument which this Indenture may require or permit to be

executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner's attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Authority or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Authority unless the Authority is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 10.05 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request of the Trustee, the Authority shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 10.06 Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.07 Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and provide the Authority a certificate of destruction. The Authority shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 10.08 Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, or registered or certified mail, postage prepaid, addressed as follows:

If to the Authority:

Transbay Joint Powers Authority
425 Mission Street, Suite 250
San Francisco, California 94105
Attention: Chief Financial Officer

If to the Trustee:

If to the Senior 2020 Bonds Insurer:

In each case in which notice or other communication with the Senior 2020 Bonds Insurer refers to an event of default or a claim on the Senior 2020 Bonds Reserve Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel of the Senior 2020 Bonds Insurer at the same address as set forth above and at [_____] or at Telecopier: [_____] and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

The Authority, the Trustee and the Senior 2020 Bond Insurer may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.09 Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Authority hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Series of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Chief Financial Officer of the Authority in trust for the benefit of the Owners. The Authority covenants for the direct benefit of the Owners that the Chief Financial Officer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 10.10 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Authority for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 10.11 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.12 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

Section 10.13 Provisions for Benefit of Senior 2020 Bonds Insurer.

[TO COME]

IN WITNESS WHEREOF, the TRANSBAY JOINT POWERS AUTHORITY has caused this Indenture to be signed in its name by its Executive Director, and [_____], in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

TRANSBAY JOINT POWERS AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

[_____], as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2020 BOND

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**TRANSBAY JOINT POWERS AUTHORITY
[SENIOR][SUBORDINATE] TAX ALLOCATION BONDS
SERIES 2020[A][B][(TAX-EXEMPT)][A-T][B-T] (FEDERALLY TAXABLE)]**

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
_____ % _____ 1, 20__ January ___, 2020 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The TRANSBAY JOINT POWERS AUTHORITY, a public entity duly existing under and by virtue of the laws of the State of California (the "Authority"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for, if any), the Principal Sum stated above and to pay interest thereon from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (as defined below), unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day (the "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [_____] 15, 2020, in which event it shall bear interest from the Dated Date above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on [_____] 1 and [_____] 1] in each year, commencing [_____] 1, 2020 (each an "Interest Payment Date"), calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon redemption hereof, if any, are payable in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office (the "Principal Corporate Trust Office") of [_____] in [_____] as trustee (the "Trustee"). Interest hereon (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the Registration Books maintained by the Trustee at the close of business on the preceding Record Date; provided however, that at the written request of any Registered Owner of at least \$1,000,000 aggregate principal amount of the Bonds, which written

request is on file with the Trustee on any Record Date, interest hereon shall be paid by wire to such account in the United States as is specified in such written request.

This Bond is one of a duly authorized series of bonds of the Authority designated as [“Transbay Joint Powers Authority [Senior][Subordinate] Pledged Tax Allocation Bonds, Series 2020[A][B][(Tax-Exempt)][A-T][B-T][(Federally Taxable)” (the “Bonds”), of an aggregate principal amount of \$[_____], all of like tenor and date (except for such variation, if any, as may be required to designate varying Series, numbers, maturities, interest rates, or redemption, if any, and other provisions) and all issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended, and pursuant to an Indenture of Trust, dated as of [_____ 1, 2020], entered into by and between the Authority and the Trustee (the “Indenture”), providing for the issuance of the Bonds.

The Bonds are being issued in the form of registered Bonds without coupons. Additional Bonds may be issued, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all indentures supplemental thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Revenues (as that term is defined in the Indenture), and the rights thereunder of the Registered Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds are special obligations of the Authority and this Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Indenture), are secured by a pledge of, security interest in and lien on the Pledged Revenues, as more fully described in the Indenture.

The Bonds maturing on or prior to [_____] 1, 20[___] are not subject to optional redemption. The Bonds maturing on or after [_____] 1, 20[___], are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on [_____] 1, 20[___] or any date thereafter, by such maturity or maturities as shall be directed by the Authority (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds as the Authority shall direct the Trustee 30 days in advance of the redemption date. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

[The Bonds maturing on [_____] 1, 20___ are subject to mandatory redemption in inverse order of sinking fund payments on [_____] 1 of each year in which any Bonds remain Outstanding, as a whole or in part, from and to the extent of Excess Pledged Revenues as the Authority shall direct the Trustee 30 days in advance of the redemption date, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.]

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Authority and the Registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the Insurer and the Registered Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall a Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture modify any of the rights or obligations of any Insurer without its prior written consent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond is not a debt, liability or obligation of the City of San Francisco, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those pledged by the Authority. The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee’s Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Transbay Joint Powers Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its [Executive Director] and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

TRANSBAY JOINT POWERS AUTHORITY

By: _____
[Executive Director]

ATTEST:

Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: [_____], 2020

[_____],
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within-registered Bond and hereby irrevocably constitute(s) and appoints(s)
_____ attorney,
to transfer the same on the registration books of the Trustee with full power of substitution in the
premises.

Dated: _____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an
eligible guarantor.

Note: The signatures(s) on this Assignment
must correspond with the name(s) as
written on the face of the within Bond
in every particular without alteration or
enlargement or any change
whatsoever.

EXHIBIT B

The Transbay Joint Powers Authority (the “Authority”), a joint powers authority created pursuant to laws of the State of California, hereby states and certifies:

(a) that _____ is the duly appointed, qualified and acting _____ of the Authority, and as such, is authorized and qualified to certify the same;

(b) that, pursuant the Indenture, dated as of [_____]1, 2020 (the “Indenture”), by and between [_____]1, 2020 (the “Trustee”) and the Authority, the Trustee is hereby requested to disburse from the Construction Fund established pursuant to Section 3.05 of the Indenture, to the payees set forth on Exhibit A attached hereto and by this reference incorporated herein, the amount set forth on Exhibit A opposite each such payee, for payment of such costs incurred for the purposes identified on said Exhibit A;

(c) that each obligation has been property incurred and is a proper charge against the Construction Fund and has not been the basis of any previous disbursement;

(d) that a statement or invoice for each amount requested hereunder is attached hereto.

IN WITNESS WHEREOF, the undersigned has executed this requisition as of the date set forth below.

Dated: _____

TRANSBAY JOINT POWERS AUTHORITY

By: _____
Authorized Officer

PURCHASE CONTRACT

TRANSBAY JOINT POWERS AUTHORITY

\$ _____
Senior Tax Allocation Bonds
Series 2020A (Tax-Exempt)[(Green Bonds)]

\$ _____
Senior Tax Allocation Bonds
Series 2020A T (Federally Taxable)[(Green Bonds)]

\$ _____
Subordinate Tax Allocation Bonds
Series 2020B (Tax-Exempt)[(Green Bonds)]

\$ _____
Subordinate Tax Allocation Bonds
Series 2020B T (Federally Taxable)[(Green Bonds)]

_____, 2020

Transbay Joint Powers Authority
Salesforce Transit Center
425 Mission Street, Suite 250
San Francisco, CA 94105

Ladies and Gentlemen:

The undersigned, Citigroup Global Markets Inc. (the “Representative”), as representative of itself and as representative of Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co., LLC (collectively, the “Underwriters”), offers to enter into the following agreement with the Transbay Joint Powers Authority (the “Authority”) which, upon the Authority’s execution of this agreement, will be binding upon the Authority and the Underwriters. This offer is made subject to the Authority’s written acceptance on or before 5:00 P.M., California time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Representative, on behalf of the Underwriters, upon written notice (by facsimile or otherwise) delivered to the Authority at any time prior to the acceptance hereof by the Authority. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

The Authority acknowledges and agrees that: (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Contract is an arm’s length commercial transaction among the Authority and the Underwriters; (ii) in connection with such transaction, the Underwriters are acting solely as principals and not as agents or a fiduciaries of the Authority; (iii) the Underwriters have not assumed (individually or collectively) a fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority on other matters); and (iv) the Authority has consulted with its own legal and financial advisors to the extent it has deemed appropriate.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Authority, jointly and severally, and the Authority hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the following bonds (collectively, the “Bonds”):

- \$[_____] initial aggregate principal amount Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series 2020A (Tax-Exempt)[(Green Bonds)] (the “Senior 2020A Bonds”);
- \$[_____] initial aggregate principal amount Transbay Joint Powers Authority Senior Tax Allocation Bonds, Series 2020A-T (Federally Taxable)[(Green Bonds)] (the “Senior 2020A-T Bonds”);
- \$[_____] initial aggregate principal amount Transbay Joint Powers Authority Subordinate Tax Allocation Bonds, Series 2020B (Tax-Exempt)[(Green Bonds)] (the “Subordinate 2020B Bonds”); and
- \$[_____] initial aggregate principal amount Transbay Joint Powers Authority Subordinate Tax Allocation Bonds, Series 2020B-T (Federally Taxable)[(Green Bonds)] (the “Subordinate 2020B-T Bonds”).

The Bonds shall be dated the date of delivery of the Bonds and shall have the maturities and bear interest at the rates per annum shown on Exhibit A hereto. Such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes referred to herein as the “Closing.” The date on which the Closing occurs is referred to herein as the “Closing Date.”

The purchase price for the Senior 2020A Bonds shall be \$_____ (the aggregate principal amount of the Senior 2020A Bonds, less \$_____ of Underwriters’ discount and [plus/less] \$_____ of [net] original issue [premium/discount].

The purchase price for the Senior 2020A-T Bonds shall be \$_____ (the aggregate principal amount of the Senior 2020A-T Bonds, less \$_____ of Underwriters’ discount and [plus/less] \$_____ of [net] original issue [premium/discount].

The purchase price for the Subordinate 2020B Bonds shall be \$_____ (the aggregate principal amount of the Subordinate 2020B Bonds, less \$_____ of Underwriters’ discount and [plus/less] \$_____ of [net] original issue [premium/discount].

The purchase price for the Subordinate 2020B-T Bonds shall be \$_____ (the aggregate principal amount of the Subordinate 2020B-T Bonds, less \$_____ of Underwriters’ discount and [plus/less] \$_____ of [net] original issue [premium/discount].

2. The Bonds and Related Documents. The Bonds shall be described in, and shall be issued and secured pursuant to Article 4 of the Act (as defined below) (the “Marks-Roos Local Bond Pooling Act of 1985”), the Indenture of Trust, dated as of _____, 2020 (the “Indenture”), between the Authority and _____, as trustee (the “Trustee”), and the resolution of the Authority adopted on _____, 2020 (the “Resolution”), approving the Indenture and the Preliminary Official Statement (defined below) and authorizing issuance of the Bonds and other matters related thereto. The Bonds shall be payable and shall be subject to redemption as provided in the Indenture and shall be as described in an Official Statement (defined below) relating to the Bonds, dated the date hereof and hereinafter defined. The Bonds are secured solely by the Pledged Revenues, which is defined in the Indenture as the Net Tax Increment received by the Authority from the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the

“Agency”) under that certain Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement, dated as of January 31, 2008 (the “Pledge Agreement”), by and among the City and County of San Francisco (the “City”), the Agency, as successor to the Redevelopment Agency of the City and County of San Francisco, and the Authority.

[The scheduled payment of principal of and interest on the [Senior 2020A Bonds and the Senior 2020A-T Bonds][Bonds identified in Exhibit A as “Insured Bonds”] (the “Insured Bonds”) shall be insured by _____ (the “Insurer”) by the issuance of a bond insurance policy (the “Policy”). Additionally, the Insurer shall issue a debt service reserve fund policy securing payment of the Senior 2020A Bonds and the Senior 2020A-T Bonds (the “Reserve Policy”).]

The proceeds of the Bonds will be used by the Authority to: (i) refinance the Authority’s outstanding obligation under that certain “TIFIA Loan Agreement,” dated as of January 1, 2010 (as amended, the “TIFIA Loan”), between the Authority and the United States Department of Transportation, (ii) refinance the Authority’s outstanding obligation under that certain Leaseback Lease, dated as of January 1, 2017 (the “Lease”) between the Authority and the City, (iii) finance certain additional costs related to the Authority’s intermodal terminal and rail extension project known as the “Transbay Program,” (iv) [pay the premium for the Policy], (v) [pay the premium for the Reserve Policy,] (vi) [fund a debt service reserve for the Subordinate 2020B Bonds and the Subordinate 2020B-T Bonds], and (vii) pay costs of issuance of the Bonds.

The Authority was formed pursuant to the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and the Joint Exercise of Powers Agreement, dated as of April 4, 2001 (the “JPA Agreement”), by and among the City, Alameda-Contra Costa Transit District and the Peninsula Corridor Joint Powers Board, to design, build, operate and maintain the Transbay Program. The JPA Agreement was amended on November 9, 2017 to include the California High-Speed Rail Authority as a member of the Authority.

Pursuant to the provisions of a Continuing Disclosure Certificate, to be executed by the Authority and dated the Closing Date (the “Disclosure Certificate”), the Authority will undertake to provide certain annual information and notices of the occurrence of certain events, as described in the Disclosure Certificate. A description of the Disclosure Certificate is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement.

The Indenture, the Disclosure Certificate, and the [Irrevocable Refunding Instructions to _____, as escrow bank, providing for payment of the TIFIA Loan and the Lease (as those terms are defined below) (the “Refunding Instructions”)] are referred to herein as the “Authority Legal Documents.”

3. Offering; Establishment of Issue Price.

(a) It shall be a condition to the Authority’s obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters’ obligations to purchase and to accept delivery of the Bonds that the entire \$_____ principal amount of the Senior 2020A Bonds, the entire \$_____ principal amount of the Senior 2020A-T Bonds, the entire \$_____ principal amount of the Subordinate 2020B Bonds, and the entire \$_____ principal amount of the Subordinate 2020B-T Bonds shall be issued, sold and delivered by the Authority and purchased, accepted and paid for by the Underwriters on the Closing Date. Subject to the provisions of paragraphs (b) through (g) of this Section 3, the Underwriters agree to make a bona fide public offering of all of the Bonds at prices not

in excess of the initial offering prices (or at yields not lower than the yields) set forth in Exhibit A hereto and on the inside cover page of the Official Statement (as defined below); provided that the Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices or at yields higher than the initial yields set forth therein.

(b) The Representative, on behalf of the Underwriters, agrees to assist the Authority in establishing the issue price of the Senior 2020A Bonds and the Subordinate 2020B Bonds (collectively, the “Tax-Exempt Bonds”) and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Tax-Exempt Bonds. All actions to be taken by the Authority under this section to establish the issue price of the Tax-Exempt Bonds may be taken on behalf of the Authority by the Authority’s municipal advisor, Sperry Capital Inc. (the “Municipal Advisor”) and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

(c) [Except for the Hold-the-Price Maturities described in subsection (d) below and Exhibit A attached hereto,] the Authority will treat the first price at which 10% of each maturity of the Tax-Exempt Bonds (the “10% test”) is sold to the public as the issue price of that maturity. Exhibit A attached hereto sets forth the maturities of the Tax-Exempt Bonds for which the 10% test has been satisfied as of the date of this Purchase Contract (the “10% Test Maturities”) and the prices at which the Underwriters have sold such 10% Test Maturities to the public. For purposes of this Section, if Tax-Exempt Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Tax-Exempt Bonds.

(d) [The Representative confirms that the Underwriters have offered the Tax-Exempt Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Tax-Exempt Bonds for which the 10% test has not been satisfied and for which the Authority and the Representative, on behalf of the Underwriters, agree that (i) the Representative will retain the unsold Tax-Exempt Bonds of each maturity for which the 10% test has not been satisfied and not allocate any such Bonds to any other Underwriter and (ii) the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Tax-Exempt Bonds, the Representative will neither offer nor sell unsold Tax-Exempt Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Tax-Exempt Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether the Underwriters have sold 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

(e) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Tax-Exempt Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Tax-Exempt Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Tax-Exempt Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Tax-Exempt Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Tax-Exempt Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Tax-Exempt Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Tax-Exempt Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Tax-Exempt Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Tax-Exempt Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(f) The Authority acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling

group has been created in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement to adhere to the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds.

(g) The Underwriters acknowledge that sales of any Tax-Exempt Bonds to any person that is a related party to an underwriter participating in the initial sale of the Tax-Exempt Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Tax-Exempt Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Tax-Exempt Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Tax-Exempt Bonds to the public),

(iii) a purchaser of any of the Tax-Exempt Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

4. Use and Preparation of Documents. The Authority has caused to be prepared and delivered to the Underwriters prior to the execution of this Purchase Contract, copies of the Preliminary Official Statement dated _____, 2020, relating to the Bonds (the “Preliminary Official Statement”). The Authority ratifies, confirms and approves the use by the Underwriters prior to the date hereof of the Preliminary Official Statement. The Authority has previously deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12. The Authority hereby agrees to deliver or cause to be delivered to the Underwriters, within seven (7) business days of the date hereof, a sufficient number of copies of the final Official Statement relating to the Bonds, dated the date hereof, which includes all information permitted to be omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Authority and the Underwriters (the “Official Statement”) to enable the Underwriters to distribute a single copy of each Official Statement to any potential customer of the Underwriters requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End of the Underwriting Period (defined below). The Authority hereby approves of the use and distribution (including the electronic distribution) by the Underwriters of the Preliminary Official Statement and the Official Statement in connection with the offer and sale of the Bonds. The Underwriters agree that they will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement. The Authority shall have executed and delivered to the Underwriters a certification to such effect in the form attached hereto as Exhibit B.

5. Representations, Warranties and Agreements of the Authority. The Authority hereby represents, warrants and agrees as follows:

(a) The Authority has been duly and validly created as a joint exercise of powers authority pursuant to the Act and the JPA Agreement, and is a duly and validly existing public entity under the laws of the State of California;

(b) The Authority has full legal right, power and authority to (i) enter into the Authority Legal Documents, (ii) sell, issue and deliver the Bonds to the Underwriters under the Marks-Roos Local Bond Pooling Act of 1985, as provided herein; (iii) to adopt the Resolution authorizing the issuance of the Bonds and entry into the Authority Legal Documents and to take all other actions on the part of the Authority relating thereto; and (iv) carry out and consummate the transactions contemplated by the Authority Legal Documents;

(c) The Pledge Agreement was duly authorized, executed and delivered by the Authority and has not been amended, modified or supplemented except as described in the Preliminary Official Statement;

(d) By all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Authority Legal Documents, the performance by the Authority of the obligations in connection with the issuance of the Bonds on its part contained in the Bonds and the Authority Legal Documents, and the consummation by it of all other transactions contemplated by the Authority Legal Documents in connection with the issuance of the Bonds; the Authority has complied, or will at the Closing be in compliance in all material respects, with the terms of the Act and with the obligations in connection with the issuance of the Bonds on its part contained in the Bonds and the Authority Legal

Documents; and the Bonds, when issued and delivered to the Underwriters in accordance with the Authority Legal Documents, and the Authority Legal Documents will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(e) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Bonds and the Authority Legal Documents, and compliance with the provisions on the Authority's part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Bonds or the Indenture;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations in connection with the issuance of the Bonds under the Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Authority Legal Documents have been duly obtained;

(g) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or, to the best knowledge of the Authority after due inquiry, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Revenues of the Authority pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge of and lien on the Pledged Revenues and the funds and accounts established pursuant to the Indenture (other than the Rebate Fund, as defined in the Indenture) or contesting or affecting, as to the Authority, the validity or enforceability of the Act, the Bonds, the Authority Legal Documents, or the Pledge Agreement or contesting the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority or any authority for the issuance of the Bonds, or in any way contesting or challenging the consummation

of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Authority or which might materially adversely affect the Pledged Revenues of the Authority; nor, to the best knowledge of the Authority, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Act or the authorization, execution, delivery, performance or payment by the Authority of the Bonds;

(h) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Authority shall not be required to qualify to do business in connection with any such qualification or determination in any jurisdiction or take any other action which is inconsistent with or violates the JPA Agreement;

(i) As of the date thereof, the Preliminary Official Statement did not, except as revised by the Official Statement, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading in any material respect;

(j) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriters, and if, in the opinion of the Underwriters or their counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriters, and shall pay all expenses incurred in connection therewith. For the purposes of this subsection, between the date hereof and the date which is 25 days of the End of the Underwriting Period for the Bonds, the Authority will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(l) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (k) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the Official Statement as so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading;

(m) The Authority Legal Documents and the Pledge Agreement conform as to form and tenor to the descriptions thereof contained in the Official Statement. The Authority represents that the Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Authority, entitled to the benefits of the Indenture pursuant to which such Bonds were issued. The Indenture creates a valid pledge of the Pledged Revenues and the moneys in certain funds and accounts established pursuant to such Indenture, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(n) After the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(o) As used herein and for the purposes of the foregoing, the term “End of the Underwriting Period” for the Bonds shall mean the earlier of (i) the date of the Closing unless the Authority shall have been notified in writing to the contrary by the Underwriters on or prior to the date of the Closing, (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12 provided, however, that the Authority may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriters stating the date which is the End of the Underwriting Period;

(p) Except as disclosed in the Official Statement, the Authority has not failed to comply in any material respect under any prior continuing disclosure undertaking within the previous five years;

(q) Any certificate signed by any officer of the Authority and delivered to the Underwriters shall be deemed a representation by the Authority to the Underwriters as to the statements made therein; and

(r) The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer whose arbitrage certifications may not be relied upon.

(s) The Authority will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement.

6. Closing. At 8:00 A.M., California time, on _____, 2020 (the “Closing Date”), or on such other date as may be mutually agreed upon by the Authority and the Underwriters, the Authority will, subject to the terms and conditions hereof, sell and deliver the Bonds to the Underwriters, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal funds, [less \$_____ representing the premium for the Policy and \$_____ representing the premium for the Reserve Policy, which the Underwriters as an accommodation to the Authority shall wire directly to the Insurer.] Sale, delivery and payment as aforesaid shall be referred to herein as the “Closing” and shall be made at the offices of Nixon Peabody LLP, Los Angeles, California, or such other place as shall have been mutually agreed upon by the Authority and the Underwriters, except that the Bonds (with one certificate for each maturity and otherwise in a form suitable for the book-entry system) shall

be delivered to the Underwriters in New York, New York, through the book-entry system of The Depository Trust Company (“DTC”). Unless the DTC Fast Automated Securities Transfer (“FAST”) is utilized, the Bonds will be made available for inspection by DTC at least one business day prior to the Closing.

7. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the Authority contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters’ obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Authority of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The Underwriters shall receive, within seven (7) business days of the date hereof, copies of the Official Statement (including all information previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), in such reasonable quantity as the Underwriters shall have requested;

(b) The representations and warranties of the Authority contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing and the statements of the officers and other officials of the Authority, the Agency and the Trustee made in any certificate or other document furnished pursuant to the provisions hereof are true, complete, correct and accurate;

(c) At the time of the Closing, the Authority Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Authority, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Underwriters, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the governing body of the Authority as, in the opinion of Nixon Peabody LLP, Los Angeles, California (“Bond Counsel”), shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) At the time of the Closing, all necessary official action of the Authority relating to the Official Statement and the Authority Legal Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(e) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) Bond Counsel Opinions. The approving opinions of Nixon Peabody LLP, Los Angeles, California, Bond Counsel to the Authority, dated the date of the Closing and substantially in the form included as Appendix D to the Official Statement.

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriters, in form and substance acceptable to the

Underwriters, and dated the date of the Closing, stating that the Underwriters may rely on the opinions of Bond Counsel described in paragraph (1) above as if such opinion were addressed to the Underwriters and to the following effect:

(i) the Purchase Contract has been duly executed and delivered by the Authority and (assuming due authorization, execution and delivery by and validity against the Underwriters) constitutes the valid and binding agreement of the Authority, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles;

(ii) the statements contained in the Official Statement under the captions "INTRODUCTION—2020 Bonds," "—Purpose," "—Security for the 2020 Bonds," "—Reserve Accounts," "2020 BONDS," "PLAN OF FINANCING," "SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS," "CONCLUDING INFORMATION—2020 Tax-Exempt Bonds Tax Matters," "—2020 Taxable Bonds Tax Matters," and in Appendices C and D, insofar as such statements expressly summarize certain provisions of the Indenture, the Bonds or the opinions of Bond Counsel, are accurate in all material respects;

(iii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iv) the TIFIA Loan has been prepaid and discharged in full in accordance with the terms of the TIFIA Loan Agreement and the pledge of Pledged Revenues in favor of the TIFIA Loan has been released and terminated; and

(v) the Lease has been prepaid and discharged in full in accordance with its terms and the pledge of Pledged Revenues in favor of the Lease has been released and terminated.

(3) Authority Counsel Opinion. An opinion of counsel to the Authority, dated the date of Closing and in form and substance satisfactory to the Underwriters, to the effect that:

(i) the Authority is a joint exercise of powers authority, duly organized and validly existing under the Act and the JPA Agreement;

(ii) the Resolution was duly adopted at a meeting of the Authority, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; and the Resolution is in full force and effect and has not been modified amended or rescinded since its adoption date;

(iii) the Authority Legal Documents and the Pledge Agreement have been duly authorized, executed and delivered by the Authority and constitute the valid, legal and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought;

(iv) the information in the Preliminary Official Statement and the Official Statement (excluding any financial or statistical data with respect thereto, as to which no

opinion is expressed) is true and correct in all material respects, and the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and the Closing Date, contain no misstatement of any material fact and do not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading; and

(v) to the best of such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served, or threatened, challenging the creation, organization or existence of the Authority, or the validity of the Authority Legal Documents or the Pledge Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Authority would have a material adverse effect upon the right or ability of the Authority to collect or pledge the Pledged Revenues.

(4) Agency Counsel Opinion. An opinion of Counsel to the Agency, dated the date of the Closing and addressed to the Underwriters, in form and substance acceptable to the Underwriters to the following effect:

(i) the Agency is a public body, corporate and politic, duly organized and existing under the Constitution and laws of the State, including the Law (defined below), with full right, power and authority to execute, deliver and perform its obligations under the Pledge Agreement;

(ii) the Pledge Agreement has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid, legal and binding obligation of the Agency enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought;

(iii) to be best of such counsel's knowledge, no default or breach or any fact or circumstance that, following notice or the passage of time would result in a default or breach, exists under the Pledge Agreement or any other instrument that could relieve the Agency, in whole or in part, of its obligation to pay the Net Tax Increment to the Authority in accordance with the terms of the Pledge Agreement; and

(iv) to the best of such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served, or threatened, challenging the creation, organization or existence of the Agency, or the validity of the Pledge Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Agency would have a material adverse effect upon the collection of Net Tax Increment by the Agency, or which, in any manner, questions the right of the Agency to enter into or perform its obligations under the Pledge Agreement or to pay Net Tax Increment to the Authority under the Pledge Agreement or affects in any manner the right or ability of the Agency to collect or pledge the Net Tax Increment.

(5) City Attorney Opinion. An opinion of the City Attorney, dated the date of the Closing and addressed to the Underwriters, in form and substance acceptable to the Underwriters to the following effect:

(i) the City is a California municipal corporation, duly organized and existing under its charter and the Constitution of the State, with full right, power and authority to execute, deliver and perform its obligations under the Pledge Agreement;

(ii) the Pledge Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid, legal and binding obligation of the City enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought;

(iii) to be best of such counsel's knowledge, no default or breach or any fact or circumstance that, following notice or the passage of time would result in a default or breach, exists under the Pledge Agreement or any other instrument that could relieve the City, in whole or in part, of its obligations under the Pledge Agreement; and

(iv) to the best of such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served, or threatened, challenging the creation, organization or existence of the City, or the validity of the Pledge Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or which, in any manner, questions the right of the City to enter into or perform its obligations under the Pledge Agreement.

(6) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriters, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indenture [and accept and perform its obligations under the Refunding Instructions];

(ii) The Indenture [and the Refunding Instructions] have been duly authorized, executed and delivered by the Trustee and the Indenture [and the Refunding Instructions] constitute the legal, valid and binding obligations of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(iii) Except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture [or the acceptance of the Refunding Instructions] or the consummation of the transactions contemplated by the Indenture [and the Refunding Instructions].

(7) Underwriters' Counsel Opinion. An opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, in form and substance acceptable to the Representative.

(8) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by a duly authorized officer of the Authority, to the effect that:

(i) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) no event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iii) no further consent is required to be obtained for the inclusion of the Authority's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2018-19 in the Official Statement. Alternatively, the Authority shall provide written consent of the auditor to the inclusion of the Authority's audited financial statements for Fiscal Year 2018-19 and the accompanying accountant's letter in the Official Statement.

(9) Agency Certificate. A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by a duly authorized officer of the Agency, to the effect that:

(i) The Agency is a public body, corporate and politic, organized and existing under the Constitution and laws of the State of California, including the Redevelopment Dissolution Act, constituting Part 1.85 of Division 24 of the Health and Safety Code and the California Community Redevelopment Law, constituting Part 1 of Division 24 of the Health and Safety Code (collectively, the "Law");

(ii) The Pledge Agreement was duly authorized, executed and delivered by the Agency and has not been amended, modified or supplemented except as described in the Preliminary Official Statement. Assuming due authorization and execution by the other parties thereto, the Pledge Agreement is binding and enforceable against the Agency in accordance with its terms. The Pledge Agreement creates a valid and enforceable pledge of, and lien on, the Net Tax Increment in favor of the Authority;

(iii) Except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Agency of its obligations under the Pledge Agreement have been duly obtained;

(iv) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Agency, or affecting the existence of the Agency, or affecting or seeking to prohibit, restrain or enjoin the Agency's performance of its obligations under

the Pledge Agreement, or the collection of the Net Tax Increment or contesting or affecting, as to the Agency, the validity or enforceability of the Pledge Agreement, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Agency or which might materially adversely affect the Net Tax Increment; nor, to the best knowledge of the Agency, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Pledge Agreement or performance by the Agency of its obligations under the Pledge Agreement;

(v) As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness which indebtedness is secured by a lien on the Net Tax Increment superior to or on a parity with the lien provided for in the Pledge Agreement on the Net Tax Increment, other than as disclosed in the Official Statement. As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness which indebtedness is payable prior to the Pledge Agreement from the Net Tax Increment;

(vi) As of the time of acceptance hereof and as of the date of the Closing, the Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Law;

(vii) The Department of Finance of the State (the “Department of Finance”) has issued a letter, dated April 15, 2012 (the “FCD Letter”), providing that the approval of the Pledge Agreement as an enforceable obligation is final and conclusive in accordance with Health and Safety Code Section 34177.5(i), and that future review of payments under the Pledge Agreement by the Department of Finance shall be limited to confirming that the requested payments are required by the Pledge Agreement. The Agency is not aware of the Department of Finance taking any action or making any statement subsequent to the date of FCD Letter that is inconsistent with the determination set forth in the FCD Letter or disapproving any payments under the Pledge Agreement;

(viii) The descriptions of the Agency, the Redevelopment Plan for the Transbay Redevelopment Project Area, the Pledge Agreement, the Agency’s process for requesting moneys from the RPTTF to make payments under the Pledge Agreement, the State-Owned Parcels (defined in the Preliminary Official Statement) and Net Tax Increment set forth in the Preliminary Official Statement as of the date thereof and as of the date of the Purchase Contract, did not, and contained in the Official Statement as of the date thereof did not and as of the Closing Date do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading in any material respect; and

(ix) no event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(10) City Certificate. A certificate of the City, dated the date of the Closing, signed on behalf of the City by a duly authorized officer of the City, to the effect that:

(i) the City is a California municipal corporation, duly organized and existing under its charter and the Constitution of the State, with full right, power and authority to execute, deliver and perform its obligations under the Pledge Agreement;

(ii) The Pledge Agreement was duly authorized, executed and delivered by the City and has not been amended, modified or supplemented except as described in the Preliminary Official Statement. Assuming due authorization and execution by the other parties thereto, the Pledge Agreement is binding and enforceable against the City in accordance with its terms;

(iii) Except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the Pledge Agreement have been duly obtained;

(iv) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the City, or affecting the existence of the City, or affecting or seeking to prohibit, restrain or enjoin the City's performance of its obligations under the Pledge Agreement, or contesting or affecting, as to the City, the validity or enforceability of the Pledge Agreement; nor, to the best knowledge of the City, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Pledge Agreement or performance by the City of its obligations under the Pledge Agreement;

(11) Trustee's Certificate. A Certificate, dated the date of Closing, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) the Trustee has full power, authority and legal right to comply with the terms of the Indenture [and the Refunding Instructions] and to perform its obligations stated therein; and

(iii) the Indenture has been duly authorized, executed and delivered by the Trustee [and the Refunding Instructions have been duly accepted by the Trustee], and (assuming due authorization, execution and delivery by the other parties thereto) the Indenture [and the Refunding Instructions] constitute legal, valid and binding obligations of the Trustee in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(12) Legal Documents. Executed copies of the Authority Legal Documents and the Pledge Agreement.

(13) Municipal Bond Insurance Policy and Reserve Policy. Copies of the Policy and Reserve Policy, as duly executed and delivered by the Insurer, together with an opinion of counsel to the Insurer as to the due authorization, execution, delivery and enforceability of the Policy and Reserve Policy and a certificate of the Insurer as to the accuracy of the information in the Official Statement relating to the Insurer, the Policy and the Reserve Policy.

(14) Rating Letters. Letters from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Fitch Rating ("Fitch") to the effect that the Insured Bonds have been assigned a rating of "___" and "___," respectively, by S&P and Fitch, and the Bonds have been assigned a rating of "___" and "___," respectively, by S&P and Fitch, which ratings shall be in effect as of the Delivery Date.

(15) Disclosure Letter. A letter of Nixon Peabody LLP ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriters, to the effect that, based upon its participation in the preparation of the Preliminary Official Statement and the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Preliminary official Statement or the Official Statement, such counsel has no reason to believe that, as of its date, the Preliminary Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein, the information included in the Appendices thereto, information relating to DTC and its book-entry system, and any information relating to any bond insurer, as to which no opinion need be expressed), as of its date and the date of the Purchase Contract, and the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in the Appendices thereto, excluding information relating to DTC, as to which no advice need be expressed) as of its date and as of the Closing Date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(16) Fiscal Consultant Certificate. A certificate or certificates of Seifel Consulting Inc. and Urban Analytics, dated the date of the Closing, addressed to the Authority and the Underwriters, in form and substance acceptable to the Underwriters, certifying as to the accuracy of the information in APPENDIX A—"FISCAL CONSULTANT REPORT" and the information in the Official Statement under the captions "STATE-OWNED PARCELS" and "PLEDGED REVENUES AND DEBT SERVICE COVERAGE" and consenting to the inclusion of such firm's Fiscal Consultant Report in the Official Statement, and stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report.

(17) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriters may reasonably deem necessary.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Authority or the Trustee shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, if the Authority shall determine in good faith (and provide written notice to the Underwriters)

that legislation has been introduced or proposals made by the Governor of the State which if enacted and effective would impose additional limitations or burdens on the Authority by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and the Underwriters shall be under no further obligation hereunder.

8. Termination. The Representative shall have the right to terminate this Purchase Contract by notification to the Authority if, after the execution hereof and prior to the Closing any of the following events shall occur in the sole and reasonable judgment of the Representative:

(a) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein in the light of the circumstances under which they were made not misleading in any material respect and, in either such event, (a) the Authority refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Representative or (b) the effect of the Official Statement as so supplemented is, in the judgment of the Representative, to materially adversely affect the market price or marketability of the Bonds or the ability of the Representative to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(b) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State of California or State if defined, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the federal or state taxation of interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, materially adversely affects the market price or marketability of the Bonds or the ability of the Representative to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(c) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds (including any related underlying obligations) is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(d) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the “Securities Act”), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(e) there shall have occurred (1) any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war; or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or (3) a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations; or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against any state of the United States or any city, county or other political subdivision located in the United States having a population of over 1,000,000, which, in the judgment of the Representative, materially adversely affects the market price or marketability of the Bonds or the ability of the Representative to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(f) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of representatives or broker-dealers which, in the judgment of the Representative, materially adversely affects the market price or marketability of the Bonds or the ability of the Representative to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(g) a general banking moratorium shall have been declared by federal or New York or the State of California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred which, in the judgment of the Representative, materially adversely affects the market price or the marketability for the Bonds or the ability of the Representative to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(h) (i) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody’s Investors Service, Inc. (“Moody’s”), S&P, or Fitch of any debt securities issued by the Authority, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any rating by Moody’s, S&P or Fitch of any debt securities issued by the Authority, including the Bonds.

9. Expenses.

(a) The Underwriters shall be under no obligation to pay and the Authority shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder including but not limited to (i) the cost of the preparation, printing, or other reproduction (for distribution on or prior to the date hereof), and delivery of the Indenture; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Fiscal Consultant, and any other experts or consultants retained by the Authority; (iii) the cost of preparation and printing and signing of the Bonds and the registration of the Bonds; (iv) the cost of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto; (v) charges of rating agencies for the ratings of the Bonds; (vi) the out-of-pocket expenses (which may be included as an expense component of the Underwriters' discount) of travel and meals for Authority representatives and its advisors to attend pricing meetings, relating to the issuance of the Bonds, and (vii) all other costs connected to issuance of the Bonds, except costs specifically described in Paragraph 10(b) below.

(b) The Underwriters shall pay (from the expense component of the Underwriters' discount) (i) the cost of preparation and printing of the Blue Sky memorandum to be used by them and the cost, if any, of printing of this Purchase Contract; (ii) all advertising expenses incurred by them in connection with the public offering of the Bonds; (iii) the fees and disbursements of Underwriters' Counsel; and (iv) all other expenses incurred by them in connection with their public offering and distribution of the Bonds, including the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Authority agrees to reimburse the Underwriters for such fees.

10. Notices. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing at the Authority's address set forth above, to the Agency under this Purchase Contract may be given by delivering the same in writing to the same address Attention: Chief Financial Officer, and to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Citigroup Global Markets Inc., 300 South Grand Avenue, Suite 3110, Los Angeles, CA 90071. Attention: Chris Mukai, Managing Director.

11. Parties in Interest. This Purchase Contract is made solely for the benefit of the Authority and the Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Authority contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

12. Effectiveness and Counterpart Signatures. This Purchase Contract shall become effective upon the execution of the acceptance by an authorized officer of the Authority and shall be valid and enforceable at the time of such acceptance and approval. This Purchase Contract may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered (including delivery by facsimile transmission) shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Entire Agreement. This Purchase Contract embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter, and it is agreed that there are no terms, understandings, representations or warranties, express or implied, other than those set forth herein.

14. Headings. The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

15. Governing Law. This Purchase Contract shall be construed in accordance with the laws of the State of California.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC., as
Representative of the Underwriters

By: _____
Authorized Officer

Accepted:

TRANSBAY JOINT POWERS AUTHORITY

By: _____
Executive Director

EXHIBIT A

TRANSBAY JOINT POWERS AUTHORITY
\$_____ Transbay Joint Powers Authority Senior Tax Allocation Bonds,
Series 2020A (Tax-Exempt)[(Green Bonds)]

MATURITY SCHEDULE

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>10% Test Used</i>	<i>Hold the Offering Price Used</i>
	\$	%	%			

* Insured Bonds.

+ Term Bond.

C Yield calculated to the first optional redemption date of _____, 20__ at par.

TRANSBAY JOINT POWERS AUTHORITY
\$ _____ Transbay Joint Powers Authority Senior Tax Allocation Bonds,
Series 2020A-T (Federally Taxable)[(Green Bonds)]

MATURITY SCHEDULE

<i>Maturity Date</i> <i>(October 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
	\$	%	%	

* Insured Bonds.

+ Term Bond.

TRANSBAY JOINT POWERS AUTHORITY
\$ _____ Transbay Joint Powers Authority Subordinate Tax Allocation Bonds,
Series 2020B (Tax-Exempt)[(Green Bonds)]

MATURITY SCHEDULE

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>10% Test Used</i>	<i>Hold the Offering Price Used</i>
	\$	%	%			

⁺ Term Bond.

^c Yield calculated to the first optional redemption date of _____, 20__ at par.

TRANSBAY JOINT POWERS AUTHORITY
\$ _____ Transbay Joint Powers Authority Subordinate Tax Allocation Bonds,
Series 2020B-T (Federally Taxable)[(Green Bonds)]

MATURITY SCHEDULE

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
	\$	%	%	

⁺ Term Bond.

EXHIBIT B

TRANSBAY JOINT POWERS AUTHORITY

\$ _____
Senior Tax Allocation Bonds
Series 2020A (Tax-Exempt)[(Green Bonds)]

\$ _____
Senior Tax Allocation Bonds
Series 2020A T (Federally Taxable)[(Green Bonds)]

\$ _____
Subordinate Tax Allocation Bonds
Series 2020B (Tax-Exempt)[(Green Bonds)]

\$ _____
Subordinate Tax Allocation Bonds
Series 2020B T (Federally Taxable)[(Green Bonds)]

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Citigroup Global Markets Inc., on behalf of itself and Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co., LLC, (collectively, the “Underwriters”) that [he/she] is a duly appointed and acting officer of the Transbay Joint Powers Authority (the “Authority”), and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Authority to the Underwriters as follows:

- (1) This Certificate is delivered to enable the Underwriters to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) in connection with the offering and sale of the above-referenced bonds (the “Bonds”).
- (2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated as of _____, 2020, setting forth information concerning the Bonds and the Authority, as issuer of the Bonds (the “Preliminary Official Statement”).
- (3) As used herein, “Permitted Omissions” shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the Underwriters(s), all with respect to the Bonds.
- (4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.
- (5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Authority or the Agency shall promptly notify the Underwriters thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the _____ day of _____,
2020.

TRANSBAY JOINT POWERS AUTHORITY

By _____
Authorized Officer

EXHIBIT C

ISSUE PRICE CERTIFICATE

**Transbay Joint Powers Authority
Senior Tax Allocation Bonds,
Series 2020A (Tax-Exempt)[(Green Bonds)]**

**Transbay Joint Powers Authority
Subordinate Tax Allocation Bonds,
Series 2020B (Tax-Exempt)[(Green Bonds)]**

The undersigned Citigroup Global Markets Inc. (the “Representative”), on its own behalf and on behalf of Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co., LLC (collectively, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the 10% Test Maturities.*** As of the date of this certificate, for each Maturity of the Bonds listed as a “10% Test Maturity” in Schedule A attached hereto, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.

[2. ***Initial Offering Price of the Hold-the-Price Maturities.***

(a) The Underwriting Group offered the “Hold-the-Price Maturities” (as listed in Schedule A attached hereto) to the Public for purchase at the respective initial offering prices listed in Schedule A attached hereto (the “Initial Offering Prices”) on or before the Sale Date.

(b) With respect to the Hold-the-Price Maturities, as agreed to in writing by the Representative in the Purchase Contract, dated _____, 2020, between the Representative and the Authority, the Representative has (i) retained the unsold Bonds of each Hold-the-Price Maturity and not allocated any such Bonds to any other member of the Underwriter and (ii) not offered or sold unsold Bonds of any of the Hold-the-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Bonds during the Holding Period.]

3. ***Pricing Wire or Equivalent Communication.*** A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

4. ***Establishment of Reserve Fund.*** The establishment of the Reserve Fund (as defined in the hereinafter defined Tax Certificate), at the level of funding described in the Tax Certificate, in the best judgment of the undersigned, was reasonably required to market the Bonds at the prices and yields listed in Schedule A attached hereto and is reasonable and customary in marketing obligations of the same general type as the Bonds.

5. ***Defined Terms.***

(a) ***10% Test Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “10% Test Maturities.”

(b) ***Authority*** means the Transbay Joint Powers Authority.

(c) *Hold-the-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Price Maturities.”

(d) *Holding Period* means, with respect to a Hold-the-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which at least 10% of such Hold-the-Price Maturity was sold to the Public at prices that are no higher than or yields that are no lower than the Initial Offering Price for such Hold-the-Price Maturity.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(g) *Related Party*. A purchaser of any Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____. 2020.

(i) *Tax Certificate* means the Tax Certificate, dated _____, 2020, executed and delivered by the Authority in connection with the issuance of the Bonds.

(j) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nixon Peabody LLP, as Bond Counsel to the Authority, in connection with rendering its opinion that the interest on the Bonds

is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Forms 8038 and 8038-G, and other federal income tax advice that it may give to the Authority from time to time relating to the Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

CITIGROUP GLOBAL MARKETS INC., as
Representative of the Underwriting Group

By _____
Authorized Representative

SCHEDULE A
SALE PRICES OF THE BONDS

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Transbay Joint Powers Authority (the “Authority”) in connection with the issuance of its Senior Tax Allocation Bonds, Series 2020A (Tax-Exempt), Senior Tax Allocation Bonds, Series 2020A-T (Federally Taxable), Subordinate Tax Allocation Bonds, Series 2020B (Tax-Exempt), and Subordinate Tax Allocation Bonds, Series 2020B-T (Federally Taxable) (collectively, the “2020 Bonds”) pursuant to the terms of the Indenture (as defined herein). The Authority covenants and agrees as follows:

Section 1. Definitions.

“*Annual Information*” means the information specified in Section 4 hereof.

“*EMMA System*” means the MSRB’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission for the purposes referred to in Rule 15c2-12.

“*Holder*” means any registered owner of Series 2020 Bonds and any beneficial owner of Series 2020 Bonds within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

“*Indenture*” means, the Trust Agreement, dated as of _____ 1, 2020, as amended and supplemented, by and between the Authority and _____, as trustee (the “*Trustee*”).

“*Listed Events*” means any of the events listed in Section 5 hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“*Official Statement*” means the Official Statement, dated _____, 2020, prepared and distributed in connection with the issuance of the Series 2020 Bonds.

“*Rule 15c2-12*” means Rule 15c2-12, as amended through the date of this Certificate, as promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“*Tax-Exempt 2020 Bonds*” mean the Authority’s Senior Pledged Tax Increment Revenue Bonds, Series 2020A (Tax-Exempt), and its Subordinate Pledged Tax Increment Revenue Bonds, Series 2020A (Tax-Exempt).

Section 2. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority pursuant to Rule 15c2-12 for the benefit of the Holders of the Series 2020 Bonds in order to assist the participating underwriters in complying with Rule 15c2-12.

Section 3. Provision of Annual Information.

(a) The Authority shall, not later than 210 days following the end of each Fiscal Year of the Authority (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year ended June 30, 2020, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, the Annual Information relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 hereof, which Annual Information may be submitted as a single

document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided that any audited financial statements may be submitted separately from the balance of the Annual Information and later than the date required above for the filing of the Annual Information if they are not available by that date. If the Fiscal Year for the Authority changes, the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If in any year, the Authority does not provide the Annual Information to the MSRB by the time specified above, the Authority shall instead timely file a notice to the MSRB through the EMMA System stating that the Annual Information has not been timely completed and, if known, stating the date by which the Authority expects to file the Annual Information.

Section 4. Content of Annual Information. The Annual Information shall contain or incorporate 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 in effect from time to time and as applied to governmental units. If the Authority's audited financial statements are not available by the time the Annual Information is required to be filed pursuant to Section 3(a) hereof, the Annual Information shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Information when they become available.

(b) [Updates to the following tables of the Official Statement for the Fiscal Year ending June 30 immediately preceding the Annual Information filing due date] [TABLE REFERENCES TO COME]:

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, that have been submitted to the MSRB through the EMMA System.

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2020 Bonds not later than ten business days after the occurrence of the event:

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;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the 2020 Tax-Exempt Bonds (as defined in the Official Statement) or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the 2020 Tax-Exempt Bonds;
6. Tender offers;

7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the Authority; or

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 the Authority 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 Authority, 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 Authority.

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

Note: For purposes of the events listed as (a)(10) and (b)(8), the term “financial obligation” means (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2 12.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2020 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2020 Tax-Exempt Bonds or other material events affecting the tax status of the 2020 Tax-Exempt Bonds;

2. Modifications to rights of the Owners of the Series 2020 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Series 2020 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee;
or

8. Incurrence of a financial obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders.

(c) The Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2020 Bonds pursuant to the Agreement.

Section 6. Remedies. If the Authority shall fail to comply with any provision of this Certificate, then any Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding in law or in equity, this Certificate against the Authority and any of the officers, agents and employees of the Authority, and may compel the Authority or any such officers, agents or employees to perform and carry out their duties under this Certificate; provided that the sole and exclusive remedy for breach of this Certificate shall be an action to compel specific performance of the obligations of the Authority hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenge to the adequacy of any information provided pursuant to Section 4 or 5 hereof may be brought only by the Holders of 25% in aggregate principal amount of the Series 2020 Bonds at the time outstanding. A failure by the Authority to comply with the provisions of this Certificate shall not constitute an Event of Default under the Agreement.

Section 7. Parties in Interest. This Certificate is executed and delivered solely for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 8. Amendment. Without the consent of any Holders of Series 2020 Bonds, the Authority at any time and from time to time may enter into any amendments or changes to this Certificate for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 or any authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Authority and the assumption by any such successor of the covenants of the Authority hereunder;

(d) to add to the covenants of the Authority for the benefit of the Holders, or to surrender any right or power herein conferred upon the Authority; or

(e) to modify the contents, presentation and format of the Annual Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority, or type of business conducted; provided that (i) the certificate, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Series 2020 Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances; and (ii) the amendment or change does not materially impair the interests of Holders, as determined either by a party unaffiliated with the Authority (such as bond counsel), or by the vote or consent of Holders of a majority in outstanding principal amount of the Series 2020 Bonds on or prior to the time of such amendment or change.

Section 9. Termination of Obligation. This Certificate shall remain in full force and effect until such time as all principal of and interest on the Series 2020 Bonds shall have been paid in full or legally defeased pursuant to the Agreement. Upon any such legal defeasance, the Authority shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Series 2020 Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 10. Governing Law. THIS CERTIFICATE SHALL BE GOVERNED BY THE LAWS OF CALIFORNIA DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.

IN WITNESS WHEREOF, the undersigned has executed this Continuing Disclosure Certificate this ____ day of _____, 2020.

TRANSBAY JOINT POWERS AUTHORITY

By: _____
Name: _____
Title: _____

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE – Book-Entry Only

RATINGS: See “CONCLUDING INFORMATION – Ratings”

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority, interest on the 2020 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that interest on the 2020 Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the 2020 Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. See “CONCLUDING INFORMATION – 2020 Tax-Exempt Bonds Tax Matters” and “– 2020 Taxable Bonds Tax Matters” in this Official Statement regarding certain other tax considerations.

TRANSBAY JOINT POWERS AUTHORITY

\$ _____ *
Senior Tax Allocation Bonds
Series 2020A (Tax-Exempt)[(Green Bonds)]
 \$ _____ *
Subordinate Tax Allocation Bonds
Series 2020B (Tax-Exempt)[(Green Bonds)]

\$ _____
Senior Tax Allocation Bonds
Series 2020A-T (Federally Taxable)[(Green Bonds)]
 \$ _____ *
Subordinate Tax Allocation Bonds
Series 2020B-T (Federally Taxable)[(Green Bonds)]

Dated: Date of Delivery

Due: October 1, as shown on inside cover

Bonds. The Transbay Joint Powers Authority (the “Authority”) is issuing the above-captioned bonds (the “Senior 2020A Bonds,” the “Senior 2020A-T Bonds,” the “Subordinate 2020B Bonds” and the “Subordinate 2020B-T Bonds,” and collectively the “2020 Bonds”). The Senior 2020A Bonds and the Subordinate 2020B Bonds are referred to herein as the “2020 Tax-Exempt Bonds” and the Senior 2020A-T Bonds and the Subordinate 2020B-T Bonds are referred to herein as the “2020 Taxable Bonds.” The Senior 2020A Bonds and the Senior 2020A-T Bonds are referred to herein as the “Senior 2020 Bonds” and the Subordinate 2020B Bonds and the Subordinate 2020B-T Bonds are referred to herein as the “Subordinate 2020 Bonds.” The 2020 Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2020 (the “Indenture”), by and between the Authority and _____, as trustee (the “Trustee”).

Purpose. Proceeds from the sale of the 2020 Bonds will be applied to: (i) refinance certain prior obligations of the Authority used to finance costs related to Phase 1 and Phase 2 of the Transbay Program (as defined and explained in more detail herein), (ii) finance certain additional costs associated with Phase 1 and Phase 2 of the Transbay Program, (iii) fund interest on the 2020 Bonds through _____, (iv) [pay the premium for a debt service reserve insurance policy for the Senior 2020 Bonds, (v) pay the premium for a municipal bond insurance policy for the Senior 2020 Bonds,] (vi) [fund a debt service reserve for the Subordinate 2020 Bonds], and (vii) pay costs of issuance of the 2020 Bonds, all as further described herein. See “PLAN OF FINANCING” and “TRANSBAY PROGRAM” herein.

Security. The Senior 2020 Bonds are payable from and secured by (i) a pledge and lien on Pledged Revenues (defined herein) and (ii) amounts in certain funds and accounts held by the Trustee under the Indenture, including the Senior Bonds Reserve Account, as described in this Official Statement. The Subordinate 2020 Bonds are payable from and secured by (i) a pledge and lien on Pledged Revenues that is subordinate to the payment of debt service on the Senior 2020 Bonds and the replenishment of the Senior Bond Reserve Account, and (ii) amounts in certain funds and accounts held by the Trustee under the Indenture, including the Subordinate Bonds Reserve Account, as described in this Official Statement.

“Pledged Revenues” means all Net Tax Increment (as defined and explained in more detail herein) attributable to the Former State Owned Parcels (as defined herein) to which the Authority is entitled under the Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement (the “Pledge Agreement”).

Book-Entry. The 2020 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2020 Bonds. Individual purchases of the 2020 Bonds of each series may be made in book-entry form only, in integral multiples of \$5,000 principal amount. Purchasers will not receive certificates representing their interest in the 2020 Bonds purchased. Principal of and interest on the 2020 Bonds will be paid directly to DTC by the Trustee.

Payment. Principal of the 2020 Bonds will be payable on the dates set forth on the inside cover of this Official Statement. Interest on the 2020 Bonds will be payable on April 1 and October 1 of each year, commencing April 1, 2020. Upon its receipt of payment of principal and interest, DTC in turn will be obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the 2020 Bonds.

Redemption. The 2020 Bonds will be subject to optional redemption and mandatory sinking account redemption prior to their maturity as described in this Official Statement. The Subordinate 2020 Bonds will be also subject to mandatory redemption from Excess Pledged Revenues. See “2020 BONDS – Redemption” herein.

[Bond Insurance. The scheduled payment of principal of and interest on the Senior 2020 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Senior 2020 Bonds by _____. See “BOND INSURANCE FOR 2020 BONDS” in and Appendix G to this Official Statement.]

[BOND INSURER LOGO]

Limited Obligations. The 2020 Bonds are special obligations of the Authority payable from and secured by a pledge and lien on (1) Pledged Revenues, as described in the Indenture, and (2) amounts in certain funds and accounts held by the Trustee in the Indenture. The 2020 Bonds are not debts, liabilities or obligations of the City, the State, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable thereon, nor in any event shall the 2020 Bonds be payable out of any funds or properties

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

other than Pledged Revenues. The 2020 Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the 2020 Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page have the meanings set forth in this Official Statement. For a discussion of some of the risks associated with a purchase of the 2020 Bonds, see "RISK FACTORS."

The 2020 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval as to their legality by Nixon Peabody LLP, Bond Counsel. Nixon Peabody LLP also serves as Disclosure Counsel to the Authority in connection with the issuance of the 2020 Bonds. Certain legal matters will also be passed upon for the Authority by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. It is anticipated that the 2020 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about _____, 2020.

Dated: _____, 2020

Citigroup

Stifel

Morgan Stanley

MATURITY SCHEDULE

\$ _____*
TRANSBAY JOINT POWERS AUTHORITY
Senior Tax Allocation Bonds
Series 2020A (Tax-Exempt)[(Green Bonds)]
\$ _____ Serial Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†] (Base:)
--	-----------------------------	--------------------------	--------------	--------------	---

\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____
\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____

\$ _____*
TRANSBAY JOINT POWERS AUTHORITY
Senior Tax Allocation Bonds
Series 2020A-T (Federally Taxable)[(Green Bonds)]
\$ _____ Serial Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†] (Base:)
--	-----------------------------	--------------------------	--------------	--------------	---

\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____
\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____

* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP © 2020 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters takes any responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Bonds.

MATURITY SCHEDULE (continued)

\$ _____ *

**TRANSBAY JOINT POWERS AUTHORITY
Subordinate Tax Allocation Bonds
Series 2020B (Tax-Exempt)[(Green Bonds)]**

\$ _____ Serial Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†] (Base:)
--	-----------------------------	--------------------------	--------------	--------------	---

\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____
\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____

\$ _____ *

**TRANSBAY JOINT POWERS AUTHORITY
Subordinate Tax Allocation Bonds
Series 2020B-T (Federally Taxable)[(Green Bonds)]**

\$ _____ Serial Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†] (Base:)
--	-----------------------------	--------------------------	--------------	--------------	---

\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____
\$ _____ % Term Bonds due October 1, 20__, Yield ___%; Price: ___; CUSIP[†]: _____

* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP © 2020 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters takes any responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Bonds.

[insert location map of Former State Owned Parcels]

TRANSBAY JOINT POWERS AUTHORITY

GOVERNING BOARD

_____, *Chair (City and County of San Francisco Representative)*
Jeff Gee, *Vice Chair (Peninsula Corridor Joint Powers Board Representative)*
Matt Haney, *Board Member (City and County of San Francisco Representative)*
Michael Hursh, *Board Member (Alameda-Contra Costa Transit District Representative)*
Boris Lipkin, *Board Member (California High Speed Rail Authority Representative)*
Cheryl Brinkman, *Board Member (City and County of San Francisco Representative)*
Nadia Sesay, *Board Member (City and County of San Francisco Representative)*
Tony Tavares, *Ex officio Board Member (Caltrans Representative)*

AUTHORITY STAFF

Mark Zabaneh, *Executive Director*
Erin Roseman, *Chief Financial Officer*
Nila Gonzales, *Secretary*

Deborah Miller (Shute Mihaly & Weinberger LLP), *General Counsel*

SPECIAL SERVICES

Municipal Advisor
Sperry Capital Inc.
Sausalito, California

Bond and Disclosure Counsel
Nixon Peabody LLP
Los Angeles, California

Fiscal Consultant
Seifel Consulting Inc. and Urban Analytics LLC
San Francisco, California

Trustee

San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations in connection with the offer or sale of the 2020 Bonds other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriters. 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 2020 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the 2020 Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2020 Bonds.

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the Authority, any press release and in any oral statement made by or with the approval of an authorized officer of the City, acting as the Authority, or any other entity described or referenced in this Official Statement, constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “anticipate,” “estimate,” “budget,” or other similar words and include, but are not limited to, statements under the captions “FORMER STATE OWNED PARCELS” and “PLEGGED REVENUES AND DEBT SERVICE COVERAGE.” The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the Authority has undertaken to provide certain on-going financial and other data pursuant to a Continuing Disclosure Certificate (see “CONCLUDING INFORMATION – Continuing Disclosure”), the Authority does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based change.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness of the information from such sources. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

[Insert additional Bond Insurer language.....see “BOND INSURANCE FOR 2020 BONDS” and “APPENDIX G – SPECIMEN BOND INSURANCE POLICY.”]

Information as of Dated Date of Official Statement. The information and expressions of opinions in this Official Statement are subject to change without notice. Neither delivery of this Official Statement nor any sale of the 2020 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any other entity described or referenced in this Official Statement since the dated date shown on the front cover. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the 2020 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2020 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside front cover and such public offering prices may be changed from time to time by the Underwriters.

No Incorporation of Websites. References to internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including, but not limited to, the content of the Authority’s website and pages pertaining to the Authority on the Authority’s website) is incorporated by reference. The Authority makes no representation regarding the accuracy or completeness of information presented on such websites.

THE 2020 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2020 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAW OF ANY STATE.

**[INFORMATION CONCERNING OFFERING RESTRICTIONS
IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES]**

[TO COME IF APPLICABLE]

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TRANSBAY JOINT POWERS AUTHORITY

\$ _____ *
Senior Tax Allocation Bonds
Series 2020A (Tax-Exempt)[(Green Bonds)]

\$ _____ *
Senior Tax Allocation Bonds
Series 2020A-T (Federally Taxable)[(Green Bonds)]

\$ _____ *
Subordinate Tax Allocation Bonds
Series 2020B (Tax-Exempt)[(Green Bonds)]

\$ _____ *
Subordinate Tax Allocation Bonds
Series 2020B-T (Federally Taxable)[(Green Bonds)]

INTRODUCTION

This Introduction does not purport to be complete, and reference is made to the body of this Official Statement, appendices and the actual documents for more complete information with respect to matters concerning the 2020 Bonds. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used in this Official Statement and not defined herein shall have the meanings set forth in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE.”

The 2020 Bonds

This Official Statement, including the cover page, the inside front cover and appendices, is being provided in connection with the sale by the Transbay Joint Power Authority (the “Authority”) of the above-captioned bonds (the “Senior 2020A Bonds,” the “Senior 2020A-T Bonds,” the “Subordinate 2020B Bonds” and the “Subordinate 2020B-T Bonds,” and collectively the “2020 Bonds”). The Senior 2020A Bonds and the Subordinate 2020B Bonds are referred to herein as the “2020 Tax-Exempt Bonds” and the Senior 2020A-T Bonds and the Subordinate 2020B-T Bonds are referred to herein as the “2020 Taxable Bonds.” The Senior 2020A Bonds and the Senior 2020A-T Bonds are referred to herein as the “Senior 2020 Bonds” and the Subordinate 2020B Bonds and the Subordinate 2020B-T Bonds are referred to herein as the “Subordinate 2020 Bonds.” The 2020 Bonds will be issued pursuant to an Indenture of Trust, dated as of _____ 1, 2020 (the “Indenture”), by and between the Authority and _____, as trustee (the “Trustee”).

Interest on the 2020 Bonds will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2020. The 2020 Bonds will be subject to optional redemption and mandatory sinking account redemption prior to maturity as described in this Official Statement. In addition, the 2020 Subordinate Bonds will be subject to mandatory redemption from Excess Pledged Revenues as described in this Official Statement.

The 2020 Bonds, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository for the 2020 Bonds and all payments due on the 2020 Bonds will be made to Cede & Co. Ownership interests in the 2020 Bonds may be purchased only in book-entry form. **So long as the 2020 Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners, or just “Owners,” of the 2020 Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the 2020 Bonds.** See “2020 BONDS – Book-Entry Only System” and “APPENDIX F – DTC’S BOOK-ENTRY ONLY SYSTEM.”

* Preliminary; subject to change.

Purpose

Proceeds from the sale of the 2020 Bonds will be applied to: (i) refinance certain prior obligations of the Authority used to finance the construction and the design of Phase 1 and Phase 2 of the Transbay Program (as defined below), including, but not limited to, certain judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Program construction or design activities, and other related costs; (ii) finance certain additional costs associated with the Transbay Program, (iii) fund interest on the 2020 Bonds through _____, (iv) pay the premium for a debt service reserve insurance policy for the Senior 2020 Bonds, (v) [pay the premium for a municipal bond insurance policy for the Senior 2020 Bonds,] (vi) fund a debt service reserve for the Subordinate 2020 Bonds, and (vii) pay costs of issuance of the 2020 Bonds. See “PLAN OF FINANCING” herein.

The Authority

The Authority was formed pursuant to the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and the Joint Powers Agreement, dated as of April 4, 2001 (the “JPA Agreement”), by and among the City and County of San Francisco (the “City”), Alameda-Contra Costa Transit District and the Peninsula Corridor Joint Powers Board-Caltrain, to develop, design, construct, renovate, rehabilitate, improve, operate, manage and maintain Phase 1 and Phase 2 of the Transbay Program. The JPA Agreement was amended on November 9, 2017 to include the California High-Speed Rail Authority as a new member. The City appoints four board members and the other three members appoint one board member each. A State Department of Transportation (Caltrans) representative serves as an ex officio member.

Under California Public Resources Code Section 5027.1, the Authority has primary jurisdiction with respect to all matters concerning the financing, design, development, construction, and operation of Phase 1 and Phase 2 of the Transbay Program.

Net Tax Increment, Pledge Agreement, and Pledged Revenues

Under a July 11, 2003 Cooperative Agreement between the Authority, the City, and the State of California (the “State”), the State agreed to transfer more than 10 acres of blighted and underutilized publicly owned land (the “Former State Owned Parcels”) that resulted from the demolition of highway ramps damaged in the 1989 Loma Prieta earthquake, and the former Transbay Terminal. Under a January 31, 2008 Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement (the “Pledge Agreement”), among the Authority, the Redevelopment Agency of the City and County of San Francisco (the “Former Agency”) and the City, the Former Agency and the City pledged all property tax increment revenues attributable to the Former State Owned Parcels (the “Net Tax Increment”), and any interest thereon, to the Authority for costs associated with the construction and design of Phase 1 and Phase 2 of the Transbay Program, excluding some specified amounts described in more detail in this Official Statement. Under the terms of the Pledge Agreement, the pledge of Net Tax Increment remains in effect for 45 years after the effective date of the ordinance adopting the Transbay Redevelopment Plan, which termination date would occur no earlier than June 21, 2050.

Security for the 2020 Bonds

The Senior 2020 Bonds are payable from and secured by (i) a pledge and lien on Pledged Revenues (defined herein) and (ii) amounts in certain funds and accounts held by the Trustee under the Indenture, including the Senior Bonds Reserve Account, as described in this Official Statement. The Subordinate 2020 Bonds are payable from and secured by (i) a pledge and lien on Pledged Revenues that is subordinate to the payment of debt service on the Senior 2020 Bonds and the replenishment of the Senior Bond Reserve

Account, and (ii) amounts in certain funds and accounts held by the Trustee under the Indenture, including the Subordinate Bonds Reserve Account, as described in this Official Statement.

“Pledged Revenues” means all Net Tax Increment to which the Authority is entitled under the Pledge Agreement.

See “SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS” below.

Tax Increment Financing Generally

Before the enactment of California Assembly Bill X1 26 (defined below), also known as the Dissolution Act, a redevelopment agency was authorized to pledge “tax increment” to repay debt incurred to finance or refinance the redevelopment agency’s projects. The Redevelopment Law (defined below) provided a method for financing projects based upon an allocation of taxes collected within each redevelopment project area. Under this method, the taxable value of a redevelopment project area (or a later added component area of a redevelopment project area) last equalized before the adoption of the redevelopment plan (or, as applicable, the plan amendment adding such component area) became the base year value. Except for any period during which the taxable value dropped below the base year level, the taxing agencies received the taxes produced by applying the then current tax rates to the base year roll. The redevelopment agency received taxes collected upon any increase in taxable value over the base year roll (except for any portion generated by rates levied to pay voter-approved bonded indebtedness on or after January 1, 1989 for the acquisition or improvement of real property, commonly known as “overrides”). The portion of such property taxes allocated to the redevelopment agency was referred to as “tax increment.” Net Tax Increment constitutes such tax increment attributable to the Former State Owned Parcels net of administrative expenses, certain statutorily-required pass-through payments and statutorily required deposits to the redevelopment agency’s low and moderate income housing fund set-aside. See “TAX INCREMENT FINANCING GENERALLY AND THE DISSOLUTION ACT” below.

The Successor Agency

Since the Former Agency’s dissolution under the Dissolution Act (as defined below), the City has served as the successor agency (the “Successor Agency”) to the Former Agency pursuant to the Dissolution Act. The Successor Agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act) approved by the California Department of Finance (the “DOF” or the “DOF”). The DOF has issued the Successor Agency a final and conclusive determination letter with respect to the Pledge Agreement informing the Successor Agency that the DOF’s approval of the Pledge Agreement as an enforceable obligation is final and conclusive. The Former Agency was established in 1948 by action of the Board of Supervisors of the City and County of San Francisco (the “Board of Supervisors”) pursuant to the Community Redevelopment Law (the “Redevelopment Law”), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State. The Former Agency was a separate public body and exercised governmental functions in planning and carrying out redevelopment projects. See “TAX INCREMENT FINANCING GENERALLY AND THE DISSOLUTION ACT” below.

Reserve Accounts

The Trustee will maintain a Senior Bonds Reserve Account and a Subordinate Bonds Reserve Account. Upon their issuance, the Senior Bonds Reserve Requirement and the Subordinate Bonds Reserve Requirement (as defined below) with respect to the Senior 2020 Bonds and the Subordinate 2020 Bonds will be \$_____ and \$_____, respectively. [The Authority will meet the reserve requirement for the Senior 2020 Bonds by depositing a municipal bond debt service reserve insurance policy from [_____] into the Senior Bonds Reserve Account and the Subordinate Bonds Reserve Account.]

See “SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS – Reserve Accounts.”

Bond Insurance for 2020 Bonds

[The scheduled payment of principal of and interest on the Senior 2020 Bonds, when due, will be guaranteed under an insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the 2020 Bonds by _____ (the “Bond Insurer”). See “BOND INSURANCE FOR 2020 BONDS” and “APPENDIX G – SPECIMEN BOND INSURANCE POLICY.”]

[“Green Bonds” Designation]

[TO COME IF APPLICABLE]

Limited Obligation

The 2020 Bonds are special obligations of the Authority payable from and secured by a pledge and lien on (1) Pledged Revenues, as described in the Indenture, and (2) amounts in certain funds and accounts held by the Trustee in the Indenture. The 2020 Bonds are not debts, liabilities or obligations of the City, the State, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable thereon, nor in any event shall the 2020 Bonds be payable out of any funds or properties other than Pledged Revenues. The 2020 Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

Continuing Disclosure

In connection with the sale of the 2020 Bonds, the Authority will execute and deliver a Continuing Disclosure Certificate, covenanting to prepare and file an annual report and certain other notices with the Municipal Securities Rulemaking Board. See “CONCLUDING INFORMATION – Continuing Disclosure” and “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Other Information

There follows in this Official Statement brief descriptions of the 2020 Bonds, the Pledged Revenues, certain risk factors, the Indenture, the Authority, the Successor Agency and certain other documents and information relevant to the issuance of the 2020 Bonds. All references to the 2020 Bonds, the Indenture, the Dissolution Act or other documents or law are qualified in their entirety by reference to such documents or law. Unless context clearly requires otherwise, capitalized terms used but not otherwise defined in this Official Statement have the meanings assigned to them in the Indenture. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE.”

TRANSBAY PROGRAM

Background of the Transbay Program

The former Transbay Terminal, which was owned by the State of California, suffered structural damage in the 1989 Loma Prieta earthquake that required its replacement. In addition, in 1999, San Francisco voters approved a ballot measure to extend the northern terminus of Caltrain, the commuter rail line serving the San Francisco peninsula, from its current location at 4th & King Streets. In 2001, the Authority was created to develop a new regional transit hub to replace the former Transbay Terminal and construct the Transbay Program (as defined below).

The Transbay Program

The Transbay Program (the “Transbay Program”) is a multi-billion dollar transportation infrastructure investment that replaces the former Transbay Terminal with a state-of-the-art regional transit station connecting eight Bay Area counties through eleven bus and rail transit systems: Alameda-Contra Costa Transit District, San Francisco Bay Area Rapid Transit District, Caltrain, Golden Gate Transit, Greyhound, San Francisco Municipal Railway, SamTrans, WestCAT Lynx, Amtrak, Paratransit, and future high-speed rail from San Francisco to Los Angeles. The Transbay Program consists of three interconnected elements: (1) replacing the former Transbay Terminal at First and Mission Streets, (2) extending Caltrain and California High-Speed Rail underground from Caltrain’s current terminus at 4th and King Streets into the new downtown Salesforce Transit Center, and (3) creating a new neighborhood with homes, offices, parks, and shops surrounding the new transit center. The Authority is charged with the responsibility of delivering the first two of these three interconnected elements and the Successor Agency is responsible for delivering the third.

The Transbay Program comprises two phases. Phase 1 includes the design and construction of the above-grade levels of the Salesforce Transit Center, the new transit center, and its related components, including the core and shell of the below-grade train box, a bus ramp connecting the station to the San Francisco–Oakland Bay Bridge, a bus storage facility for off-peak bus layovers, a temporary terminal, and a utility relocation project to clear the area of utilities ahead of excavation.

The principal component of Phase 2 is the Downtown Rail Extension, which will extend Caltrain commuter rail from its current terminus at Fourth and King streets into the transit center and accommodate future high-speed rail service between San Francisco and Los Angeles. Phase 2 also includes the build-out of the transit center’s below-grade train station, a new underground station at Fourth and Townsend streets, a pedestrian tunnel to the Embarcadero BART/Muni Metro station, and an intercity bus facility.

Description of Phase 1 of the Transbay Program

Designed by Pelli Clarke Pelli Architects, the Salesforce Transit Center (the “transit center”) extends nearly four city blocks. The sustainable design of the six-level building features extensive use of natural daylighting, a geothermal heating and cooling system, and a 5.4-acre rooftop park. Site-specific artworks have been incorporated into the design to engage and enrich the experience of daily commuters, visitors, and residents of the district. In 2017, Salesforce purchased the naming rights to the center, the park, and the amphitheater, which bear the Salesforce name.

The transit center, bus ramp, and bus storage facility opened for transit operations on August 12, 2018. The building was closed a month later, on September 25, for repairs to two structural steel girders and remained closed through June 30, 2019, while these repairs and a building-wide review were completed. The transit center reopened to the public on July 1, 2019. Trade work and tenant improvements are ongoing.

Funding of the Transbay Program

Under a July 11, 2003 Cooperative Agreement among the Authority, the City and the State, the State agreed to transfer to the City and the Authority more than 10 acres of blighted and underutilized publicly owned land in the vicinity of the former Transbay Terminal (the “Former State Owned Parcels”) that resulted from demolition of highway ramps damaged in the Loma Prieta earthquake. In 2003, the Former State Owned Parcels were vacant and used for parking. In 2005 and 2006, the City adopted a Redevelopment Plan for the Transbay Redevelopment Project (the “Transbay Redevelopment Plan”) which

provided for the redevelopment, rehabilitation and revitalization of the area surrounding the Transbay Terminal.

To provide funding for the Authority's work on Phase 1 and Phase 2 of the Transbay Program, the Authority, the City, and the Former Agency entered into the "Pledge Agreement. Under the Pledge Agreement, the City and the Former Agency pledged the Net Tax Increment to the Authority for costs associated with construction and design of Phase 1 and Phase 2 of the Transbay Program, and pledged the gross sale proceeds from the sale of the Former State Owned Parcels to the Authority to defray costs associated with construction of Phase 1 and Phase 2 of the Transbay Program.

Among the Former State Owned Parcels, there are seven redevelopment blocks that are expected to generate the majority of Net Tax Increment. The Authority and the Successor Agency have sold six of the seven redevelopment blocks to developers, five of which have been developed into a mixture of commercial and residential uses. See "FORMER STATE OWNED PARCELS" herein.

PLAN OF FINANCING

Refinancing the TIFIA Loan. A portion of the net proceeds of the 2020 Bonds will be used to refinance the Authority's obligation under the TIFIA Loan Agreement, dated as of January 1, 2010 (as amended, the "TIFIA Loan"), between the Authority and the United States Department of Transportation. The outstanding balance of the TIFIA Loan is \$_____. The proceeds of the TIFIA Loan were used for the development of the Salesforce Transit Center component of the Transbay Program.

Refinancing the Lease. A portion of the net proceeds of the 2020 Bonds will be used to refinance the Authority's obligation under a Leaseback Lease, dated as of January 1, 2017 (the "Lease") between the Authority and the City. The outstanding balance of the Lease is \$_____. The Authority used the proceeds of the Lease to develop Phase 1 of the Transbay Program.

Other Uses. A portion of the net proceeds of the 2020 Bonds will be used to finance the costs associated with the continued development of Phase 1 and Phase 2 of the Transbay Program including, but not limited to, certain judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Program construction or design activities, and other related costs. See "CONCLUDING INFORMATION – Litigation."

Sources and Uses of Funds

The following is a summary of the anticipated sources and uses of funds relating to the 2020 Bonds:

	<u>Senior 2020A Bonds</u>	<u>Senior 2020A-T Bonds</u>	<u>Subordinate 2020B Bonds</u>	<u>Subordinate 2020B-T Bonds</u>	<u>Total</u>
Sources:					
Principal Amount					
Plus/Less: Original Issue Premium/Discount					
Less: Underwriters' Discount					
Total Sources					
Uses:					
Refinance TIFIA Loan					
Refinance Lease					
Construction Fund					
Costs of Issuance ⁽¹⁾					
Total Uses					

⁽¹⁾ To pay fees and expenses of Bond Counsel, Disclosure Counsel, Fiscal Consultant, Trustee, Municipal Advisor, premium for bond insurance and debt service reserve insurance policy for the Senior 2020 Bonds, [fund a debt service reserve account for the Subordinate 2020 Bonds], rating fees, costs of posting and printing this Official Statement, and other costs of issuance relating to the 2020 Bonds.

DEBT SERVICE SCHEDULE

Scheduled annual debt service on the 2020 Bonds, without regard to any optional redemption or mandatory redemption of Subordinate Turbo Bonds from Excess Pledged Revenues, are shown in the following tables.

Bond Year Ending (1)	Senior 2020A Bonds			Senior 2020A-T Bonds			Senior 2020 Bonds Aggregate Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
Total							

Bond Year Ending (1)	Subordinate 2020B Bonds			Subordinate 2020B-T Bonds			Subordinate 2020 Bonds Aggregate Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
Total							

Bond Year Ending (1)	Senior 2020 Bonds Total	Subordinate 2020 Bonds Total	Aggregate Debt Service
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Total			
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[GREEN BOND CERTIFICATION OF THE 2020 BONDS]

[TO COME IF APPLICABLE]

BOND INSURANCE FOR 2020 BONDS

[TO COME]

2020 BONDS

Description

The 2020 Bonds will be issued as fully registered bonds, and will bear interest at the rates, and mature on October 1 of the years and in the amounts all as set forth on the inside front cover of this Official Statement. The 2020 Bonds will be dated their date of delivery.

Interest on the 2020 Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2020 (each, an “Interest Payment Date”), and will be calculated on the basis of a 360-day year composed of twelve 30-day months.

The 2020 Bonds of each series will be initially delivered as one fully registered certificate for each maturity (unless the 2020 Bonds of such maturity bear different interest rates, then one certificate for each interest rate among such maturity) and will be delivered by means of the book-entry system of DTC. While the 2020 Bonds are held in DTC’s book-entry only system, all payments of principal of, interest and premium (if any) on the 2020 Bonds will be made to Cede & Co., as the registered owner of the 2020 Bonds. See “—Book-Entry Only System” below and “APPENDIX F – DTC’S BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption.

Except for the Taxable 2020 Bonds as provided below, the 2020 Bonds maturing on or before October 1, 20__ will not be subject to optional redemption prior to their maturity. The 2020 Bonds maturing on or after October 1, 20__ will be subject to redemption on any date on or after October 1, 20__, as a whole or in part, by such maturities as determined by the Authority, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of 2020 Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium.

Taxable 2020 Bonds. Before October 1, 20__, each Series of Taxable 2020 Bonds are subject to redemption at the option of the Authority on any date, in whole or in part, at a redemption price equal to the greater of:

(A) 100% of the principal amount of such Series of Taxable 2020 Bonds to be redeemed; or

(B) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Series of Taxable 2020 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series of Taxable 2020 Bonds are to be redeemed, discounted to the date on which such Series of Taxable 2020 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate

(described below) plus [____] basis points, plus, in each case, accrued interest on such Series of Taxable 2020 Bonds to be redeemed to but not including the redemption date.

“Treasury Rate” means, with respect to any redemption date (i) the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity [of ____] (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available as of the most recent date that is at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Statistical Release is no longer published, any publicly available source of similar market data reasonably selected by the Trustee, most nearly equal to the period from the redemption date to the maturity date of such Series of Taxable 2020 Bonds (taking into account any mandatory sinking account redemption for such Series of Taxable 2020 Bonds) or (ii) if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year.

Mandatory Redemption of Subordinate Turbo Bonds from Excess Pledged Revenues. The Subordinate Turbo Bonds are subject to mandatory redemption, on October 1 of each year in which any such Subordinate 2020 Bonds remain Outstanding, from and to the extent of amounts on deposit in the Excess Pledged Revenues Fund, in Authorized Denominations, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

No later than September 1 of each year, the Trustee shall deliver a written notice to the Authority that sets forth the amount of Excess Pledged Revenues in the Excess Pledged Revenues Fund as of the Second Debt Service Transfer Date and the principal amount of Subordinate Turbo Bonds which will be redeemed from Excess Pledged Revenues on the following October 1.

See “SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS – Flow of Funds Under the Indenture.”

Mandatory Sinking Account Redemption of Senior 2020 Bonds. The Senior 2020A Bonds maturing on October 1, 20__ and October 1, 20__ (the “Senior 2020A Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking fund payments made by the Authority, at a redemption price equal to the principal amount of the Senior 2020A Term Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Senior 2020A Term Bond has been optionally redeemed, the total amount of all future mandatory sinking fund payments with respect to such Senior 2020A Term Bonds will be reduced by the aggregate principal amount of such Senior 2020A Term Bond so optionally redeemed, to be allocated among such mandatory sinking fund payments on a pro rata basis in integral multiples of \$5,000 as determined by the Authority:

<u>Senior 2020A Bonds maturing</u>	<u>1, 20__</u>
<u>Redemption Date</u>	<u>Senior Bonds</u>
(October 1)	Sinking Account
<hr/>	<hr/>
	Installment

(maturity)

The Senior 2020A-T Bonds maturing on October 1, 20__ and October 1, 20__ (the “Senior 2020A-T Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking fund payments made by the Authority, at a redemption price equal to the principal amount of the Senior 2020A-T Term Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Senior 2020A-T Term Bond has been optionally redeemed, the total amount of all future mandatory sinking fund payments with respect to such Senior 2020A-T Term Bonds will be reduced by the aggregate principal amount of such Senior 2020A-T Term Bond so optionally redeemed, to be allocated among such mandatory sinking fund payments on a *pro rata* basis in integral multiples of \$5,000 as determined by the Authority:

Senior 2020A-T Bonds maturing October 1, 20__

Redemption Date (October 1)	Sinking Account Installment
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(maturity)

In lieu of redemption of Senior 2020 Bonds of a maturity pursuant to “—Mandatory Sinking Account Redemption of Senior 2020 Bonds” above, amounts on deposit in the Senior Bonds Principal Account may also be used and withdrawn by the Authority and the Trustee, respectively, at any time, upon the Written Request of the Authority, for the purchase of the Senior 2020 Bonds of like 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 Senior Bonds Interest Account) as the Authority may in its discretion determine. The par amount of any Senior 2020 Bonds so purchased by the Authority in any twelve-month period ending on October 1 in any year shall be credited towards and shall reduce the par amount of the Senior 2020 Bonds required to be redeemed on October 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said October 1.

Mandatory Sinking Account Redemption of Subordinate 2020 Bonds. The Subordinate 2020B Bonds maturing on October 1, 20__ and October 1, 20__ (the “Subordinate 2020B Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking fund payments made by the Authority, at a redemption price equal to the principal amount of the Subordinate 2020B Term Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Subordinate 2020B Term Bond has been optionally redeemed, the total amount of all future mandatory sinking fund payments with respect to such Subordinate 2020B Term Bonds will be reduced by the aggregate principal amount of such Subordinate 2020B Term Bond so optionally redeemed, to be allocated among such mandatory sinking fund payments on a *pro rata* basis in integral multiples of \$5,000 as determined by the Authority:

Subordinate 2020B Bonds maturing October 1, 20__

Redemption Date (October 1)	Subordinate Bonds Sinking Account Installment
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(maturity)

The Subordinate 2020B-T Bonds maturing on October 1, 20__ and October 1, 20__ (the “Subordinate 2020B-T Term Bonds”) will also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from mandatory sinking fund payments made by the Authority, at a redemption price equal to the principal amount of the Subordinate 2020B-T Term Bonds to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof will be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables); provided, however, that if some but not all of such Subordinate 2020B-T Term Bond has been optionally redeemed, the total amount of all future mandatory sinking fund payments with respect to such Subordinate 2020B-T Term Bonds will be reduced by the aggregate principal amount of such Subordinate 2020B-T Term Bond so optionally redeemed, to be allocated among such mandatory sinking fund payments on a *pro rata* basis in integral multiples of \$5,000 as determined by the Authority:

Subordinate 2020B-T Bonds maturing October 1, 20__

Redemption Date (October 1)	Sinking Account Installment
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(maturity)

In lieu of redemption of Subordinate 2020 Bonds of a maturity pursuant to “—Mandatory Sinking Account Redemption of Senior 2020 Bonds” above, amounts on deposit in the Subordinate Bonds Principal Account may also be used and withdrawn by the Authority and the Trustee, respectively, at any time, upon the Written Request of the Authority, for the purchase of the Subordinate 2020 Bonds of like 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 Subordinate Bonds Interest Account) as the Authority may in its discretion determine. The par amount of any Subordinate 2020 Bonds so purchased by the Authority in any twelve-month period ending on October 1 in any year shall be credited towards and shall reduce the par amount of the Subordinate 2020 Bonds required to be redeemed on October 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said October 1.

The principal amount of any Subordinate Turbo Bonds redeemed from Excess Pledged Revenues pursuant to “—Mandatory Redemption from Excess Pledged Revenues” above shall reduce the amount of any mandatory sinking account payments of Subordinate Turbo Bonds pursuant to “—Mandatory Sinking Account Redemption of Subordinate 2020 Bonds” in inverse order of the year in which the mandatory sinking account payment is required to be made.

Notice of Redemption; Cancellation of Redemption. The Trustee, on behalf of the Authority, will send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the bond registration books of the Trustee, to the Securities Depository and the Municipal Securities Rulemaking Board (via the Electronic Municipal Market Access System), not more than 60 days and not less than 20 days prior to the date fixed for redemption; but such mailing will not be a condition precedent to such redemption and neither the failure of any Owner to receive any redemption notice nor any defect in the notice so sent affect the validity of the proceedings for the redemption of such 2020 Bonds or the cessation of the accrual of interest thereon.

The Authority has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2020 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Authority and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will send notice of such rescission of redemption in the same manner as the original notice of redemption was sent under.

So long as DTC is the sole registered owner of the 2020 Bonds, notices of redemption (and notices of cancellation of redemption) will be sent to DTC and not to any beneficial owners. See “—Book-Entry Only System.”

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the 2020 Bonds so called for redemption will have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever any 2020 Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Authority thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of 2020 Bonds, the Trustee shall assign to each 2020 Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such 2020 Bond. The 2020 Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such 2020 Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Notwithstanding the foregoing, in the event of a redemption of any Series of Taxable 2020 Bonds or a redemption of the Subordinate Turbo Bonds pursuant to “—Mandatory Redemption of Subordinate Turbo Bonds from Excess Pledged Revenues” above, the following provisions shall apply.

If such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds are registered in book-entry only form as provided in in the Indenture and so long as the Depository is the sole registered owner of such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds, as the case may be, if less than all of a Series of Taxable 2020 Bonds of a maturity or less than all of the Subordinate Turbo Bonds are called for prior redemption, the particular Series of Taxable 2020 Bonds or portions thereof or the Subordinate Turbo Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with the procedures of the Depository, provided that, so long as such Series of Taxable 2020 Bonds or Subordinate Turbo Bonds are held in book-entry form, the selection for redemption of such Taxable 2020 Bonds or Subordinate Turbo Bonds shall be made in accordance with the

operational arrangements of the Depository then in effect, and, if the Depository's operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds will be selected for redemption, in accordance with the Depository's procedures, by lot.

The Authority intends that redemption allocations made by the Depository be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Authority nor the Trustee assumes any liability in the event that the Depository, any Depository System Participant or any other intermediary allocates the redemption of Taxable 2020 Bonds or the Subordinate Turbo Bonds on other than such basis.

In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Trustee will direct the Depository to make a pass-through distribution of principal to the Owners of the Taxable 2020 Bonds.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds where (a) the numerator of which is equal to the amount due to the respective Owners on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds.

If a Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds are no longer registered in book-entry-only form, each Owner will receive an amount of such Series of Taxable 2020 Bonds or the Subordinate Turbo Bonds equal to the original face amount then beneficially held by that Owner, registered in such Owner's name. Thereafter, any redemption of less than all of a Series of Taxable 2020 Bonds of any maturity will continue to be paid to the Owners of such Series of Taxable 2020 Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series of Taxable 2020 Bonds or Subordinate Turbo Bonds to be redeemed.

Book-Entry Only System

The 2020 Bonds will be issued as one fully registered bond without coupons for each maturity (unless the 2020 Bonds of such maturity bear different interest rates, then one certificate for each interest rate among Bonds of such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the 2020 Bonds. Individual purchases may be made in book-entry form only, in integral multiples of \$5,000 principal amount. Purchasers will not receive certificates representing their interest in the 2020 Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the 2020 Bonds as described in this Official Statement. So long as DTC's book-entry system is in effect with respect to the 2020 Bonds, notices to Owners by the Authority or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the 2020 Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. So long as the 2020 Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners or use of the capitalized term "Owners" mean Cede & Co. or such other nominee of DTC, and do not mean the beneficial owners of the 2020 Bonds. See "APPENDIX F – DTC'S BOOK-ENTRY ONLY SYSTEM."

In the event that such book-entry system is discontinued with respect to the 2020 Bonds, the Authority will execute and deliver replacements in the form of registered certificates and, thereafter, the 2020 Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture.

The following provisions would then apply: The principal of, and redemption premium, if any, on the 2020 Bonds will be payable on the surrender thereof at maturity or the redemption date, as applicable, at the corporate trust office of the Trustee in _____, _____, or such other office as designated by the Trustee. The interest on the 2020 Bonds will be payable by check mailed on each Interest Payment Date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the Record Date (*i.e.*, the 15th calendar day of the month immediately preceding the Interest Payment Date); provided, that a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds may specify in writing prior to the Record Date that the interest payment payable on each succeeding Interest Payment Date be made by wire transfer.

SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS

Pledged Revenues and Pledge Agreement

Pledged Revenues. The 2020 Bonds are special obligations of the Authority payable from and secured by a pledge and lien on (1) Pledged Revenues, as described in the Indenture, and (2) amounts in certain funds and accounts held by the Trustee in the Indenture. “Pledged Revenues” consist of all Net Tax Increment to which the Authority is entitled under the Pledge Agreement. See “FORMER STATE OWNED PARCELS” below.

Pledge Agreement. Under the Pledge Agreement, the Former Agency and the City pledged all Net Tax Increment, and any interest thereon, to the Authority for costs associated with the construction and design of Phase 1 and Phase 2 of the Transbay Program. Under the Pledge Agreement, “Net Tax Increment” explicitly excludes (a) charges for County administrative charges, fees, or costs, (b) the portion of the tax increment revenues that the Former Agency is required by law to set-aside in the Former Agency’s Affordable Housing Fund, (c) a portion of the tax increment revenues equal to the percentage of such revenue that the Former Agency is required to pay to all governmental entities required by the Community Redevelopment Law, and (d) the portion of the tax increment revenues equal to the percentage of such revenues that the State may mandate the Former Agency to pay from time to time in the future. Under the terms of the Pledge Agreement, the pledge of Net Tax Increment remains in effect for 45 years after the effective date of the ordinance adopting the Transbay Redevelopment Plan, which termination date would occur no earlier than June 21, 2050. The Pledge Agreement requires the Former Agency to provide Net Tax Increment and interest thereon to the Authority within 10 days of receipt from the City, without setoff or counterclaim.

Irrevocable Instruction to Successor Agency. The Authority has irrevocably instructed the Successor Agency to directly transfer the full amount of Pledged Revenues directly to the Trustee for deposit in the Debt Service Fund under the Indenture.

The Pledge Agreement and the Dissolution Act

ROPS under the Dissolution Act. The Dissolution Act requires the County Auditor-Controller to establish a fund, known as the Redevelopment Property Tax Trust Fund (the “RPTTF”), for the Successor Agency. Each fiscal year, the County Auditor-Controller must determine the amount of property taxes (formerly, tax increment) that would have been allocated to the former redevelopment agency had the former redevelopment agency not been dissolved pursuant to the Dissolution Act and deposit such amount into the RPTTF.

The Successor Agency must prepare a Recognized Obligation Payment Schedule (the “Recognized Obligation Payment Schedule” or the “ROPS”) once a year (to be submitted to the DOF) no later than February 1), listing the payments for enforceable obligations that the successor agency is required to make

for the upcoming two six-month fiscal periods (*i.e.*, the period from July through December and the period from January through June; each, a “ROPS Payment Period”). The successor agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year. The successor agency is authorized to make payments only pursuant to an enforceable obligation listed on a ROPS approved by the DOF.

Inclusion of Pledge Agreement on ROPS. The Pledge Agreement has been listed on the ROPS of the Successor Agency each year since the Dissolution Act and the DOF has approved the Pledge Agreement as an enforceable obligation each of those years. The DOF has issued the Successor Agency a final and conclusive determination letter with respect to the Pledge Agreement informing the Successor Agency that the DOF’s approval of the Pledge Agreement as an enforceable obligation is final and conclusive.

For a more complete description of the Dissolution Act, the ROPS and other related issues, see “TAX INCREMENT FINANCING GENERALLY AND THE DISSOLUTION ACT” below.

Letter Agreement

Between Fiscal Year 2014-15 and Fiscal Year 2018-19, the Successor Agency transferred amounts that exceeded the amount of Net Tax Increment to which the Authority is entitled under the Pledge Agreement. The reasons for the overpayment include payment of tax increment on parcels that are not Former State Owned Parcels, and payment of tax increment prior to deduction of certain housing set asides specified by law. In addition, although the Pledge Agreement requires the Successor Agency to provide Net Tax Increment to the Authority within 10 days after receipt from the City, without setoff or counterclaim, the Authority has been receiving the Net Tax Increment at inconsistent times.

To facilitate a smooth administrative transfer of funds and other administrative actions, the Authority, the City and the Successor Agency have entered into a Letter Agreement (the “Letter Agreement”) to implement a reasonable process to provide that the appropriate amount of Net Tax Increment is listed on the ROPS of the Successor Agency each year and the Successor Agency timely transfers the full amount of Net Tax Increment to which the Authority is entitled under the Pledge Agreement. Among other things, the Letter Agreement confirms the agreement of the Authority, the City, and Successor Agency to periodically meet, and to review and confirm, calculations related to Net Tax Increment and materials related to submission of the ROPS.

Pledge of Pledged Revenues

Under the Indenture, the Senior 2020 Bonds are equally secured by a pledge of, security interest in and lien on all of the Pledged Revenues and (i) a first pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund and (ii) a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Senior Bonds Interest Account, the Senior Bonds Principal Account, the Senior Bonds Sinking Account and the Senior Bonds Redemption Account therein, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The foregoing pledge and lien is subject to the lien in favor of the Trustee to secure payment of its fees, costs and expenses. The Senior 2020 Bonds are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys, or reserve fund sureties, in the Senior Bonds Reserve Account.

Under the Indenture, the Subordinate 2020 Bonds are equally secured by a pledge of, security interest in and lien on all of the Pledged Revenues on a basis subordinate to the payment of debt service on the Senior Bonds and amounts required to be deposited to the accounts established for the Senior 2020 Bonds, and (i) a pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund,

subject only to the prior and senior pledge of, security interest in and lien on all of the Pledged Revenues therein in favor of the Senior Bonds and (ii) a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Subordinate Bonds Interest Account, the Subordinate Bonds Principal Account, the Subordinate Bonds Sinking Account and the Subordinate Bonds Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The foregoing pledge and lien is subject to the lien in favor of the Trustee to secure payment of its fees, costs and expenses. The Subordinate 2020 Bonds are additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys, or reserve fund sureties, in the Subordinate Bonds Reserve Account.

Flow of Funds Under the Indenture

Debt Service Fund. The Trustee is required to immediately deposit any Pledged Revenues it receives from the Authority, the Successor Agency or the City into the Debt Service Fund. The Authority will use its best efforts to instruct the Successor Agency to deliver any Pledged Revenues within 10 days of receipt by the Successor Agency directly to the Trustee to be deposited in the Debt Service Fund. If the Authority receives any Pledged Revenues, the Authority shall promptly, and in any event no later than two Business Days after receipt, transfer all Pledged Revenues it receives under the Pledge Agreement to the Trustee to be deposited in the Debt Service Fund. The Trustee is required to retain all amounts on deposit in the Debt Service Fund until and to the extent required by the Indenture.

Deposit of Amounts by Trustee in Debt Service Fund on First Debt Service Transfer Date. So long as any Bonds remain Outstanding, on the First Debt Service Transfer Date, the Trustee is required to withdraw from the Debt Service Fund and deposit the following amounts in the following funds and accounts in the following order of priority:

Senior Bonds Interest Account. First, the Trustee is required to withdraw from the Debt Service Fund and deposit into the Senior Bonds Interest Account an amount which, when added to the amount on deposit in the Senior Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Senior Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Senior Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Senior Bonds.

Senior Bonds Reserve Account. Second, if the amount on deposit in the Senior Bonds Reserve Account is less than the Senior Bonds Reserve Requirement as of the First Debt Service Transfer Date, then the Trustee is required to withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Senior Bonds Reserve Account.

Subordinate Bonds Interest Account. Third, the Trustee is required to withdraw from the Debt Service Fund and deposit into the Subordinate Bonds Interest Account an amount which, when added to the amount on deposit in the Subordinate Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Subordinate Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Subordinate Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Subordinate Bonds.

Deposit of Amounts by Trustee in Debt Service Fund on Second Debt Service Transfer Date. So long as any Bonds remain Outstanding, on the Second Debt Service Transfer Date, the Trustee is required to withdraw from the Debt Service Fund and deposit the following amounts in the following funds and accounts in the following order of priority:

Priority Administrative Expense Fund. First, if the amount on deposit in the Priority Administrative Expense Fund is less than the Priority Administrative Expense Cap, then the Trustee shall withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Priority Administrative Expense Fund.

Senior Bonds Interest Account. Second, the Trustee is required to withdraw from the Debt Service Fund and deposit into the Senior Bonds Interest Account an amount which, when added to the amount on deposit in the Senior Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Senior Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Senior Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Senior Bonds.

Senior Bonds Principal Account. Third, the Trustee is required to withdraw from the Debt Service Fund and deposit in the Senior Bonds Principal Account an amount which, when added to the amount on deposit in the Senior Bonds Principal Account on that date, will be equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Senior Bonds and (ii) the aggregate principal amount of the Term Senior Bonds scheduled to be redeemed on the next October 1. No such deposit need be made to the Senior Bonds Principal Account if the amount contained therein is at least equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Senior Bonds and (ii) the aggregate principal amount of the Term Senior Bonds required to be redeemed on the next October 1.

Senior Bonds Reserve Account. Fourth, if the amount on deposit in the Senior Bonds Reserve Account as of the Second Debt Service Transfer Date is less than the Senior Bonds Reserve Requirement, then the Trustee is required to withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Senior Bonds Reserve Account. The Trustee is required to calculate the Senior Bonds Reserve Requirement as of the next October 1 after giving effect to any scheduled payments of principal of Senior Bonds and any scheduled redemption of Term Senior Bonds that will be paid from amounts on deposit in the Senior Bonds Principal Account after giving effect to the deposit into the Senior Bonds Principal Account above.

Subordinate Bonds Interest Account. Fifth, the Trustee is required to withdraw from the Debt Service Fund and deposit into the Subordinate Bonds Interest Account an amount which, when added to the amount on deposit in the Subordinate Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Subordinate Bonds on the next succeeding Interest Payment Date. No such deposit need be made to the Subordinate Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Subordinate Bonds.

Subordinate Bonds Principal Account. Sixth, the Trustee is required to withdraw from the Debt Service Fund and deposit in the Subordinate Bonds Principal Account an amount which, when added to the amount on deposit in the Subordinate Bonds Principal Account on that date, will be equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Subordinate Bonds and (ii) the aggregate principal amount of the Term Subordinate Bonds required to be redeemed on the next October 1. No such deposit need be made to the Subordinate Bonds Principal Account if the amount contained therein is at least equal to the sum of (i) the aggregate amount of principal coming due and payable on the next October 1 on the Subordinate Bonds and (ii) the aggregate principal amount of the Term Subordinate Bonds required to be redeemed on the next October 1.

Subordinate Bonds Reserve Account. Seventh, if the amount on deposit in the Subordinate Bonds Reserve Account as of the Second Debt Service Transfer Date is less than the Subordinate Bonds Reserve Requirement, then the Trustee is required to withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Subordinate Bonds Reserve Account. The Trustee is required to calculate the Subordinate Bonds Reserve Requirement as of the immediately succeeding October 1 after giving effect to any scheduled payments of principal of Subordinate Bonds, any scheduled redemption of Term Subordinate Bonds that will be paid from amounts on deposit in the Subordinate Bonds Principal Account after giving effect to the deposit into the Subordinate Bonds Principal Account above and the redemption of the principal amount of Subordinate Turbo Bonds that the Trustee calculates will occur after giving effect to the required deposits above.

Other Administrative Expense Fund. Eighth, if the amount on deposit in the Other Administrative Expense Fund is less than the Other Administrative Expense Cap, then the Trustee shall withdraw from the Debt Service Fund the amount of any such deficiency and deposit such amount in the Other Administrative Expense Fund.

Rebate Fund. Ninth, the Trustee shall withdraw from the Debt Service Fund any amounts required pursuant to the Indenture or the Tax Certificate and deposit such amount in the Rebate Fund.

Excess Pledged Revenues Fund. Tenth, for so long as any Subordinate Turbo Bonds remain Outstanding, the Trustee is required to withdraw from the Debt Service Fund all remaining funds after giving effect to the deposits required above and deposit such amount in the Excess Pledged Revenues Fund.

Surplus to the Authority. Eleventh, on any Second Debt Service Transfer Date on which no Subordinate Turbo Bonds remain Outstanding, except as provided by any Supplemental Indenture, on October 2 of each year, so long as all deposits required above have been satisfied, the Trustee is required to transfer any remaining amounts in the Debt Service Fund to the Authority to be used for any lawful purpose and such amounts shall not longer constitute “Pledged Revenues” under this Indenture and shall not longer be subject to any liens or charges established by this Indenture.

For additional details on the foregoing accounts and flow of funds, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF INDENTURE.” See also “– Reserve Accounts” below.

Reserve Accounts

General.

The Senior Bonds Reserve Account will be funded to the Senior Bonds Reserve Requirement, and the Subordinate Bonds Reserve Account will be funded to the Subordinate Bonds Reserve Requirement, respectively.

Senior Bonds Reserve Account.

“Senior Bonds Reserve Requirement” means, as of any date of calculation, with respect to all Series of Outstanding Senior Bonds other than Reserve Account Excluded Senior Bonds, an amount equal to the lesser of:

- (i) 125% of the average Annual Debt Service with respect to such Series of Senior Bonds between the date of such calculation and the final maturity of thereof; or

(ii) Maximum Annual Debt Service with respect to such Series of Senior Bonds between the date of such calculation and the final maturity of thereof; or

(iii) 10% of the original principal amount of each such Series of Senior Bonds (or, if such Series of Senior Bonds has more than a *de minimis* amount of original issue discount or premium, 10% of the issue price of such Series of Senior Bonds);

provided that, the Senior Bonds Reserve Requirement may be determined on an individual basis with respect to a Series of Senior Bonds or on a combined basis for two or more Series of Senior Bonds, as determined by the Authority; and provided, further, that in no event shall the Authority, in connection with the issuance of Senior Bonds be obligated to deposit an amount (including in the form of a Qualified Reserve Account Credit Instrument) in the Senior Bonds Reserve Account (whether with respect to tax-exempt or taxable bonds) that is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Senior Bonds Reserve Account is so limited, the Senior Bonds Reserve Requirement shall, in connection with the issuance of such Senior Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Authority may meet all or a portion of the Senior Bonds Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. In the event, the Senior Bonds Reserve Requirement is determined on a combined basis for two or more Series of Senior Bonds, such Series of Senior Bonds shall be secured on a parity basis by the Senior Bonds Reserve Account.

The Senior Bonds Reserve Requirement as of the Closing Date will be \$[_____].

Qualified Reserve Account Credit Instrument. The Authority may meet all or a portion of the Senior Bonds Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. On the Closing Date, a municipal bond debt service reserve policy issued by [_____] for the Senior 2020 Bonds (the “Senior 2020 Bonds Reserve Policy”), which is considered a Qualified Reserve Account Credit Instrument, will be deposited in the Senior Bonds Reserve Account in the amount of \$[_____], which is equal to the Senior Bonds Reserve Requirement as of the Closing Date. The Trustee shall draw on the Senior 2020 Bonds Reserve Policy in accordance with its terms and conditions and the terms of this Indenture and the Senior 2020 Bonds Reserve Account Agreement. See “APPENDIX C –SUMMARY OF CERTAIN PROVISIONS OF INDENTURE” for additional information concerning the Senior Bonds Reserve Account.

The Authority will not be obligated to replace the Senior 2020 Bonds Reserve Policy or to fund the Senior Bonds Reserve Account with cash if, at any time that the Senior 2020 Bonds are Outstanding, amounts are not available under such policy or if the rating of the claims-paying ability of the issuer of such policy is downgraded, suspended or withdrawn.

Use of Senior Bonds Reserve Account. The Senior Bonds Reserve Account shall serve solely as security for payments payable by the Authority with respect to the Senior Bonds (except for Reserve Account Excluded Senior Bonds). Except as provided in the Indenture, all money in the Senior Bonds Reserve Account and any subaccount thereof shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Senior Bonds Interest Account and the Senior Bonds Principal Account to pay debt service on the Senior Bonds (other than Reserve Account Excluded Senior Bonds), in the event of any deficiency at any time in any of such accounts in the following manner and in the following order of priority:

(1) On any Interest Payment Date, if the amount on deposit in the Senior Bonds Interest Account shall be insufficient to pay interest on the Senior Bonds due and payable on such Interest Payment Date, then the Trustee is required to withdraw the amount of such insufficiency from the Senior Bonds Reserve Account and deposit such amount in the Senior Bonds Interest Account; and

(2) On any October 1 Interest Payment Date, if the amount on deposit in the Senior Bonds Principal Account shall be insufficient to pay the sum of (i) the aggregate amount of principal coming due and payable on such October 1 Interest Payment Date on the Senior Bonds and (ii) the aggregate principal amount of the Term Senior Bonds required to be redeemed on such October 1 Interest Payment Date, then the Trustee is required to withdraw the amount of such insufficiency from the Senior Bonds Reserve Account and deposit such amount in the Senior Bonds Principal Account.

The Subordinate Bonds Reserve Requirement as of the Closing Date will be \$[_____].

Subordinate Bonds Reserve Account.

“Subordinate Bonds Reserve Requirement” means, as of any date of calculation, with respect to all Series of Outstanding Subordinate Bonds other than Reserve Account Excluded Subordinate Bonds, an amount equal to the lesser of:

(i) 125% of the average Annual Debt Service with respect to such Series of Subordinate Bonds between the date of such calculation and the final maturity of thereof; or

(ii) Maximum Annual Debt Service with respect to such Series of Subordinate Bonds between the date of such calculation and the final maturity of thereof; or

(iii) 10% of the original principal amount of such Series of Subordinate Bonds (or, if such Series of Subordinate Bonds has more than a *de minimis* amount of original issue discount or premium, 10% of the issue price of such Series of Subordinate Bonds);

provided that, the Subordinate Bonds Reserve Requirement may be determined on an individual basis with respect to a Series of Subordinate Bonds or on a combined basis for two or more Series of Subordinate Bonds, as determined by the Authority; and provided, further, that in no event shall the Authority, in connection with the issuance of Subordinate Bonds be obligated to deposit an amount (including in the form of a Qualified Reserve Account Credit Instrument) in the Subordinate Bonds Reserve Account (whether with respect to tax-exempt or taxable bonds) that is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Subordinate Bonds Reserve Account is so limited, the Subordinate Bonds Reserve Requirement shall, in connection with the issuance of such Subordinate Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Authority may meet all or a portion of the Subordinate Bonds Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. In the event, the Subordinate Bonds Reserve Requirement is determined on a combined basis for two or more Series of Subordinate Bonds, such Series of Subordinate Bonds shall be secured on a parity basis by the Subordinate Bonds Reserve Account.

Qualified Reserve Account Credit Instrument. The Authority may meet all or a portion of the Subordinate Bonds Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. On the Closing Date, a municipal bond debt service reserve

policy issued by [_____] for the Subordinate 2020 Bonds (the “Subordinate 2020 Bonds Reserve Policy”), which is considered a Qualified Reserve Account Credit Instrument, will be deposited in the Subordinate Bonds Reserve Account in the amount of \$[_____] , which is equal to the Subordinate Bonds Reserve Requirement as of the Closing Date. The Trustee shall draw on the Subordinate 2020 Bonds Reserve Policy in accordance with its terms and conditions and the terms of this Indenture and the Subordinate 2020 Bonds Reserve Account Agreement. See “APPENDIX C –SUMMARY OF CERTAIN PROVISIONS OF INDENTURE” for additional information concerning the Subordinate Bonds Reserve Account.

Use of Subordinate Bonds Reserve Account. The Subordinate Bonds Reserve Account shall serve solely as security for payments payable by the Authority with respect to the Subordinate Bonds (except for Reserve Account Excluded Subordinate Bonds).

Except as provided below in the Indenture, all money in the Subordinate Bonds Reserve Account and any subaccount thereof shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Subordinate Bonds Interest Account and the Subordinate Bonds Principal Account to pay debt service on the Subordinate Bonds (other than Reserve Account Excluded Subordinate Bonds), in the event of any deficiency at any time in any of such accounts in the following manner and in the following order of priority:

(i) On any Interest Payment Date, if the amount on deposit in the Subordinate Bonds Interest Account shall be insufficient to pay interest on the Subordinate Bonds due and payable on such Interest Payment Date, then the Trustee is required to withdraw the amount of such insufficiency from the Subordinate Bonds Reserve Account and deposit such amount in the Subordinate Bonds Interest Account; and

(ii) On any October 1 Interest Payment Date, if the amount on deposit in the Subordinate Bonds Principal Account shall be insufficient to pay the sum of (i) the aggregate amount of principal coming due and payable on such October 1 Interest Payment Date on the Subordinate Bonds and (ii) the aggregate principal amount of the Term Subordinate Bonds required to be redeemed on such October 1 Interest Payment Date, then the Trustee is required to withdraw the amount of such insufficiency from the Subordinate Bonds Reserve Account and deposit such amount in the Subordinate Bonds Principal Account.

Additional Senior Bonds and Subordinate Bonds

Issuance of Additional Series of Senior Bonds. In addition to the Senior 2020 Bonds, the Authority may issue additional Series of Senior Bonds in such principal amount as shall be determined by the Authority, subject to the satisfaction of the following specific conditions precedent:

(i) the Pledged Revenues to which the Authority is entitled or estimated to be entitled under the Pledge Agreement for the then-Fiscal Year based on the most recent assessed valuation of the Former State Owned Parcels as evidenced in the written records of the City, plus the amount of any Additional Revenues (as defined below), shall be at least equal to [_____] % of Maximum Annual Debt Service on the Senior Bonds which will be Outstanding immediately following the issuance of such Series of Senior Bonds, and

(ii) the Pledged Revenues to which the Authority is entitled or estimated to be entitled under the Pledge Agreement for the then-Fiscal Year based on the most recent assessed valuation of the Former State Owned Parcels as evidenced in the written records of the City, plus the amount of Additional Revenues, shall be at least equal to [_____] % of Maximum Annual Debt Service on

the Senior Bonds and Subordinate Bonds which will be Outstanding immediately following the issuance of such Series of Senior Bonds;

(iii) the Supplemental Indenture for the issuance and delivery of such Series of Senior Bonds shall provide that interest thereon shall be payable on Interest Payment Dates, and any principal thereof due and payable in any year shall be payable on October 1 of such year (and principal on any such Series of Senior Bonds may not be subject to acceleration or declared due and payable in advance of its scheduled maturity, or any such Series of Senior Bonds required to be redeemed other than scheduled mandatory redemption dates from mandatory sinking fund payments); and

(iv) the Supplemental Indenture providing for issuance of such Senior Bonds (a) shall provide for a deposit to the Senior Bonds Reserve Account in an amount necessary such that the amount deposited therein shall equal the Senior Bonds Reserve Requirement following issuance of such Series of Senior Bonds, or (b) shall be designated "Reserve Account Excluded Senior Bonds" and the Supplemental Indenture pursuant to which such Series of Senior Bonds shall expressly declare that the Owners of such Series of Senior Bonds will have no interest in or claim to the Senior Bonds Reserve Account;

Provided, however, that if the additional Series of Senior Bonds is being issued solely to refund Outstanding Senior Bonds, and the aggregate Annual Debt Service on the proposed Senior Bonds to be issued, together with the aggregate Annual Debt Service on all other Outstanding Senior Bonds after the issuance of the proposed Series of refunding Senior Bonds, is equal to or lower than the aggregate Annual Debt Service on all Senior Bonds Outstanding after giving effect to the issuance of the proposed Series of refunding Senior Bonds for each Bond Year during which any such Series of Senior Bonds (other than the Series of refunding Senior Bonds) is scheduled to be Outstanding, then the Authority may issue such refunding Series of Senior Bonds without satisfying the condition (i) or (ii) above.

Issuance of Additional Series of Subordinate Bonds. In addition to the Subordinate 2020 Bonds, the Authority may issue additional Series of Subordinate in such principal amount as shall be determined by the Authority, subject to the following specific conditions precedent:

(i) the Pledged Revenues to which the Authority is entitled or estimated to be entitled under the Pledge Agreement for the then-Fiscal Year based on the most recent assessed valuation of the Former State Owned Parcels as evidenced in the written records of the City, plus the amount of any Additional Revenues, shall be at least equal to [_____] % of Maximum Annual Debt Service on all Senior Bonds and Subordinate Bonds which will be Outstanding immediately following the issuance of such Series of Subordinate Bonds;

(ii) the Supplemental Indenture providing for the issuance and delivery of such Series of Subordinate Bonds shall provide that interest thereon shall be payable on Interest Payment Dates, and any principal thereof due and payable in any year shall be payable on October 1 of such year (and principal on any such Series of Subordinate Bonds may not be subject to acceleration or declared due and payable in advance of its scheduled maturity, or any such Series of Subordinate Bonds required to be redeemed other than scheduled mandatory redemption dates from mandatory sinking account payments); and

(iii) the Supplemental Indenture providing for issuance of such Subordinate Bonds (a) shall provide for a deposit to the Subordinate Bonds Reserve Account in an amount necessary such that the amount deposited therein shall equal the Subordinate Bonds Reserve Requirement following issuance of the Subordinate Bonds or (b) shall be designated "Reserve Account Excluded

Subordinate Bonds” and the Supplemental Indenture pursuant to which such Series of Subordinate Bonds shall expressly declare that the Owners of such Series of Subordinate Bonds will have no interest in or claim to the Subordinate Bonds Reserve Account;

Provided, however, if an additional Series of Subordinate Bonds is being issued solely to refund Outstanding Senior Bonds or Subordinate Bonds, and the aggregate Annual Debt Service on the proposed Series of Subordinate Bonds to be issued, together with the aggregate Annual Debt Service on all other Outstanding Senior Bonds and Subordinate Bonds after the issuance of the proposed Series of refunding Subordinate Bonds, is equal to or lower than the aggregate Annual Debt Service on all Senior Bonds and Subordinate Bonds Outstanding after giving effect to the issuance of the proposed Series of refunding Subordinate Bonds for each Bond Year during which any such Series of Senior Bonds or Subordinate Bonds (other than the Series of refunding Subordinate Bonds) is scheduled to be Outstanding, then the Authority may issue such refunding Series of Subordinate Bonds without satisfying the condition (i) above.

As used above, the term “Additional Revenues” means, as of the date of any calculation, the additional amount of Pledged Revenues that an Independent Redevelopment Consultant estimates the Authority will be entitled to receive under the Pledge Agreement, as shown in a Report of such Independent Redevelopment Consultant, as a result of each Additional Assessed Valuation Increase for the first Fiscal Year in which the Independent Redevelopment Consultant estimates that the full amount of such Additional Assessed Valuation Increase will be reflected on the tax rolls. As used herein, the term “Additional Assessed Valuation Increases” means any future estimated increases in the assessed valuation of taxable property in the Former State Owned Parcels, as shown in the Report of Independent Redevelopment Consultant, due to the completion of construction which is not then fully reflected on the tax rolls, or due to transfer of ownership or any other interest in real property which has been recorded but which is not then fully reflected on the tax rolls or other instances of valuation change. For purposes of this definition, the term “increases in the assessed valuation” means the amount by which the assessed valuation of taxable property in the Former State Owned Parcels is estimated to increase above the assessed valuation of taxable property in the Former State Owned Parcels (as evidenced in the written records of the City) as of the date on which such calculation is made.

Limited Obligation

The 2020 Bonds are special obligations of the Authority payable from and secured by a pledge and lien on (1) Pledged Revenues, as described in the Indenture, and (2) amounts in certain funds and accounts held by the Trustee in the Indenture. The 2020 Bonds are not debts, liabilities or obligations of the City, the State, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable thereon, nor in any event shall the 2020 Bonds be payable out of any funds or properties other than Pledged Revenues. The 2020 Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

FORMER STATE OWNED PARCELS

Under a July 11, 2003 Cooperative Agreement between the Authority, the City, and the State, the Stated agreed to transfer the Former State Owned Parcels, made up of more than 10 acres of blighted and underutilized publicly owned land that resulted from the demolition of highway ramps damaged in the 1989 Loma Prieta earthquake, and the former Transbay Terminal. Among the Former State Owned Parcels, there are seven redevelopment blocks that are expected to generate the majority of Net Tax Increment. The Authority and the Successor Agency have sold six of the seven redevelopment blocks to developers, five of which have been developed into a mixture of commercial and residential uses. The Authority has obtained certain leasing and sales information relating to the following buildings from publicly available information. However, the Authority does not guarantee any leasing or sales information provided in this

Official Statement, which is provided for general reference only. The following tables sets forth property description and assessed valuation information with respect to the set of seven redevelopment blocks that are included among the Former State Owned Parcels.

Table 1
Property Description and Fiscal Year 2019-20 Adjusted Assessed Value
Former State Owned Parcels

Property Description		Land Use						Fiscal Year 2019-20 Assessed Value (\$)				
		Office	Residential Units			Hotel	Secured (Unadjusted)	Unsecured (Unadjusted)	Total (Unadjusted)	Pledge Factor ^b	Adjusted Total ^b	
Redevelopment Block ^a	Number of Stories	Square Feet	Market Rate For Sale	Market Rate Rental	Below Market Rate	Total						Rooms
Development Completed or Underway												
Parcel T	Salesforce Tower	61	1,420,000					1,691,744,881	85,338,369	1,777,083,250	100%	1,777,083,250
Block 6	Solaire ^c	32		409	70	479		302,255,088	924,107	303,179,195	100%	303,179,195
Block 5	Park Tower	43	767,000					601,638,811	46,112	601,684,923	90.9%	546,839,309
Block 8	The Avery ^c	56		118	279	548		333,656,197	0	333,656,197	100%	333,656,197
Block 9	500 Folsom ^c	42			428	537		239,207,067	385,600	239,592,667	100%	239,592,667
Subtotal			2,187,000	118	1,116	330	1,564	3,168,502,044	86,694,188	3,255,196,232		3,200,350,618
Future Development												
Parcel F^d	Hines/Urban Pacific	62	274,000	165		165	189	119,330,878	0	119,330,878	97.0%	115,757,207
Block 4^e	The Authority	45		151	196	336	683	0	0	0	100%	0
Subtotal			274,000	316	196	336	848	119,330,878	0	119,330,878		115,757,207
Total^f			2,461,000	434	1,312	666	2,412	3,287,832,922	86,831,600	3,374,664,522		3,316,245,237

Note: Some totals may not precisely add up or there may be other minor inconsistencies due to computer rounding.

^a While Block 7 is included in Former State Owned Parcels, it does not generate property tax increment revenues as the property has been granted a welfare property tax exemption. Thus, it is excluded from the analysis presented in this table.

^b Under the Pledge Agreement, the former Redevelopment Agency and City pledged a portion of property tax increment revenues attributable to the Former State Owned Parcels to the Authority (“Net Tax Increment”). Block 5 and Parcel F are assembled development sites made up of Former State Owned Parcels and private parcels. The Fiscal Consultant Report conservatively assumes a percentage of the amount of Net Tax Increment generated by these assembled development sites is pledged to the Authority based on the percentage of land area from the Former State Owned Parcel out of the total land area of the assembled development site (the “Pledge Factor”). See Pledge Agreement § 5.2, which says “At a minimum, the Authority shall be accorded that portion of increment from the consolidated parcel which represents the Net Tax Increment from the original State owned Parcel on a square foot basis. While the Pledge Factors shown in the Report tables are presented as a percentage rounded to the nearest 0.1%, the Pledge Factor used in the calculations for the Adjusted Assessed Value is based on the proportionate square footage of the pledged parcels.

^c Based on information provided by the Assessor’s Office in October 2019, the assessed value of the affordable housing portion of these properties is assumed to be \$0 or to be eligible for a property tax welfare exemption that effectively reduces the value to \$0. The “Other Exemption” value shown in Table 2 includes an exemption of \$30,386,167 for Block 8 and an exemption of \$5,277,072 for Block 9 in secured value.

^d The Parcel F development site is an assemblage of Former State Owned Parcels that include two private parcels (3721-016 and 3721-138). The Fiscal Consultant Report conservatively applies a Pledge Factor to the total Parcel F assessed value. Currently, the developer is seeking entitlement to build a 62-story tower containing office, hotel and residential units as shown in this table. The start of construction is estimated to begin in the second quarter of 2021 assuming an office allocation pursuant to Proposition M.

^e [The Authority/Successor Agency] granted an option to the Parcel F developer to acquire the parcel on certain terms and conditions. Based on information provided by the Authority and the Successor Agency, the land sale for Block 4 is estimated to be completed in the fourth quarter of 2020 for an assumed price of \$45 million, and future land value could be reflected on the roll in Fiscal Year 2021-22, with the start of construction to potentially begin in the second quarter of 2021.

^f Total unsecured value also includes \$137,412 attributable to a small portion of Block 11 otherwise developed with affordable housing.

Source: San Francisco Office of Community Investment and Infrastructure (OCII), San Francisco Controller’s Office, San Francisco Assessor’s Office, the Authority, Urban Analytics LLC.

415 Mission (Salesforce Tower/Parcel T). The Salesforce Tower is a highrise office building with retail uses that is located on Parcel T at 415 Mission Street, immediately adjacent to the Salesforce Transit Center. Boston Properties, a self-managed real estate investment trust traded on the New York Stock Exchange, is the major owner of Salesforce Tower.

The building is currently the tallest in the City and is the second-tallest building west of the Mississippi River with a top roof height of 970 feet and an overall height of 1,070 feet. The building has 61 floors with 13-foot high ceilings. The building is LEED® Core and Shell Platinum certified and contains a number of environmentally friendly features. The total building square feet is about 1.4 million.

Occupancy of the building began in 2018. As of the date of this Official Statement, the Authority understands that nearly all of the leasable area has been leased. Salesforce.com, Inc. purchased the naming rights for the building and as of the date of this Official Statement, the Authority believes it has leased over half of the leasable square feet in the building. Other major tenants include Accenture, Bain & Company, Covington & Burling, McDermott Will & Emery, Hellman & Friedman, and WeWork.

299 Fremont (Solaire/Block 6). The residential buildings located on Block 6 include a 32-story residential tower and 7 townhomes with a total of 409 rental units marketed as “Solaire,” located at 299 Fremont Street at the corner of Beale Street. The owner is Block 6 Joint Venture, LLC, an affiliate of Golub Real Estate Corporation.

The 409 market rate apartments in Solaire range in size from about 420 square foot for studios to 1,560 square foot for two-bedroom, two-and-a-half bath units. Amenities include a fitness center, community room and kitchen, media room, game room, yoga studio, roof deck lounge and spa, as well as about 7,200 square feet of retail space on the ground floor.

A 70-unit affordable rental development is located at 280 Beale Street adjacent to Solaire (This property is also referred to as Block 7). Called Natalie Gubb Residences, this affordable apartment development was developed by the non-profit housing developer, Mercy Housing California (Mercy) and does not generate Net Tax Increment as it has been granted a welfare property tax exemption.

According to the developers and the Successor Agency, the buildings were completed by 2016, and as of the date of this Official Statement, the Authority believes that buildings have been substantially leased.

250 Howard (Park Tower/Block 5). The building located on Block 5 at 250 Howard Street is a 43-story, 605-foot tower that contains about 767,000 square feet of office and retail space. The owner is Park Tower Owner LLC (an entity controlled by John Buck Company and MetLife).

The building received its Temporary Certificate of Occupancy in October 2018 and is in the final stages of construction. As of the date of this Official Statement, all of the leasable office space (755,900 square feet) has been leased to Facebook who was represented by Jones Lang LaSalle according to the San Francisco Business Times, but occupancy is not yet complete.

The City records that the development site consists of an assemblage of about 25,688 square feet of Former State Owned Parcels and about 2,576 square feet of a former privately owned parcel. The developer has merged the Former State Owned Parcels and private parcel into a single parcel (APN 3718/040). The Fiscal Consultant Report assumes a Pledge Factor for this parcel of 90.9 percent based on a per square foot contribution of the Former State Owned Parcel to the development site.

250 Fremont (The Avery/Block 8). The building under construction on Block 8 at 250 Fremont Street is a 56-story tower that includes 118 for-sale condominiums, 279 market- rate rental apartments, 151

affordable housing units, and 17,000 square feet of ground floor retail located around a central open space. The building, marketed as “The Avery,” includes a lobby, shared laundry facility, rooftop community garden, community room, an outdoor play area, and bicycle parking available in the parking garage.

The Related Company developed The Avery in collaboration with Tenderloin Neighborhood Development Corporation (TNDC), a non-profit housing developer. The affordable housing units on Block 8 are not assumed to generate Net Tax Increment in the Fiscal Consultant Report, as TNDC would be eligible for a welfare property tax exemption for the affordable housing units.

Leasing of the apartments and sales of the condominiums commenced in 2019. As of Fall 2019, data from the Assessor indicates that nine of the condominiums have been sold at an average price of about \$2.6 million per unit.

500 Folsom (Block 9). 500 Folsom Street is a 42-story tower with 537 rental apartments and ground floor retail space that is currently being leased and is in the final stages of construction. Essex Property Trust developed the property in collaboration with TMG Partners and the non-profit developer BRIDGE Housing (BRIDGE).

The residential units include 428 market rate apartments as well as 109 affordable housing apartments in studio, one- and two-bedroom units. The building contains social spaces and amenities such as a spa, gated underground parking, community gardens, fitness center, yoga and spin rooms, as well as a community room.

Leasing commenced for the building in Summer 2019. The affordable housing units on Block 9 are not assumed to generate Net Tax Increment in the Fiscal Consultant Report as BRIDGE would be eligible for a welfare property tax exemption for the affordable housing units.

550 Howard (Parcel F). The Parcel F Redevelopment Block was sold for \$160 million in 2016 to F4 Transbay Partners LLC, a joint venture of Urban Pacific Development, LLC, Hines F4 Associates Limited Partnership, and Broad Street Principal Investors, LLC (Hines/Urban Pacific). However, only a portion of this property originally consisted of Former State Owned Parcels.

The developer is seeking entitlement to build a 62-story tower containing office (about 274,000 gross square feet), hotel (189 rooms), and market rate, for sale residential units (165 units). The developer is proposing to provide additional affordable housing units on Block 4 in order to meet the affordable housing obligation for Parcel F.

The start of construction is estimated to begin in the second quarter of 2021. The office development schedule assumes approval under San Francisco Proposition M, which regulates the allocation of office development projects.

At the time of this Official Statement, the 550 Howard (Parcel F) development site is an assemblage of four parcels, a portion of which consists of Former State Owned Parcels. In the Fiscal Consultant Report, no assessed value is assumed to be pledged from assessor parcels 3721-016 and 3721-138 and only a portion of the assessed value is assumed to be pledged from assessor parcel 3721-135. The Fiscal Consultant Report assumes Net Tax Increment from Parcel F would be limited to 97 percent of the assessed value from assessor parcels 3721-135 and 3721-136, which reflects the Pledge Factor that is based on a per square foot contribution of the Former State Owned Parcel to the development site.

200 Main (Block 4). Block 4 at 200 Main Street is currently owned by the Authority. This Redevelopment Block is about 45,377 square feet in size and represents the northern portion of the block bounded by Howard, Folsom, Main, and Beale streets (the site of the former Temporary Terminal).

The Successor Agency granted an option to the Parcel F developer to acquire the parcel on certain terms and conditions, and the developer is proposing to provide additional affordable housing units on Block 4 to meet the affordable housing obligations attributable to Parcel F. Based on information provided by the Authority, the land sale for Block 4 is estimated to be completed in the fourth quarter of 2020 for an assumed price of \$45 million, and future land value could be reflected on the roll in Fiscal Year 2021-22, with the start of construction to potentially begin in the second quarter of 2021. No Net Tax Increment from Block 4 is assumed in the projections used in this Official Statement.

The developer is proposing to increase the height from a 45-story to a 47-story mixed income residential tower with 663 units consisting of 347 market rate units (196 market rate apartments and 151 market rate condominiums) and 336 affordable housing units as both stand-alone and inclusionary housing units.

Assessed Valuation

The following table sets forth the assessed valuation of the Former State Owned Parcels by land use for Fiscal Year 2019-20.

Table 2
Total Adjusted Assessed Value by Land Use
Fiscal Year 2019-20
Former State Owned Parcels

<u>Land Use</u>	<u>Adjusted Assessed Value</u>		<u>Land Area</u>		<u>Parcels</u>	
	<u>FY 2019/20 (\$)</u>	<u>Percent</u>	<u>Acres</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Commercial						
Secured AV	2,254,249,368	68.0%	3.59	20.1%	13	5.3%
Unsecured AV	86,827,397	2.6%	N/A	N/A	13	5.3%
Subtotal	2,341,076,765	70.6%	3.59	20.1%	26	10.6%
For Sale Residential	217,325,470	6.6%	0.00	0.0%	118	48.2%
Rental Residential	642,085,795	19.4%	1.55	8.7%	12	4.9%
Vacant	115,757,207	3.5%	11.60	64.9%	86	35.1%
Other	0	0.0%	1.12	6.3%	3	1.2%
Total	3,316,245,237	100.0%	17.86	100.0%	245	100.0%

Note: Some totals may not precisely add up or there may be other minor inconsistencies due to computer rounding.
Source: San Francisco Assessor's Office, Urban Analytics LLC.

The following tables set forth the assessed valuation of the Former State Owned Parcels for the Fiscal Years 2014-15 to 2019-20.

Table 3
Historical Assessed Values
Fiscal Year 2014-15 to Fiscal Year 2019-20
Former State Owned Parcels

	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>
Adjusted Assessed Value (\$)^a						
Secured and Utility						
Land	194,866,000	229,941,273	233,435,973	639,081,618	651,863,247	649,408,592
Improvements	7,993,342	85,689,076	251,067,248	608,470,411	1,770,651,719	2,615,672,487
Personal Property	0	0	0	0	0	0
Homeowner Exemptions	0	0	0	0	0	0
Other Exemptions ^b	0	0	0	0	0	(35,663,239)
Secured Total	202,859,342	315,630,349	484,503,221	1,247,552,029	2,422,514,966	3,229,417,840
Unsecured						
Land	0	0	0	0	0	0
Improvements	2,304	1,055,700	67,204	62,247	29,837,640	53,313,785
Personal Property	8,990,520	397,885	54,789	126,547	904,635	33,513,612
Exemptions	0	0	0	0	0	0
Unsecured Total	8,992,824	1,453,585	121,993	188,794	30,742,275	86,827,397
Total Incremental Adjusted Assessed Value	211,852,166	317,083,934	484,625,214	1,247,740,823	2,453,257,241	3,316,245,237
Net Tax Increment to the Authority (\$)						
Calculated Net Tax Increment to the Authority						
Incremental Revenue (1%)	2,118,522	3,170,839	4,846,252	12,477,408	24,532,572	33,162,452
Less: County Administrative Fee ^c	0	0	0	0	0	(9,949)
Less: Housing Fund	(423,704)	(634,168)	(969,250)	(2,495,482)	(4,906,514)	(6,632,490)
Less: Pass Through Payments	(423,704)	(634,168)	(1,070,696)	(3,050,918)	(6,179,135)	(8,418,518)
Net Tax Increment to the Authority	1,271,113	1,902,504	2,806,306	6,931,008	13,446,923	18,101,495
Annual Remittance Payments to the Authority						
Plus: Supplemental and Escape Assessments	232,056	324,259	532,464	2,778,291	1,966,199	TBD
Plus: Overpayments ^d	3,769	492,121	42,051	6,774,241	11,529	0
Less: Overpayment Adjustments ^e	0	0	0	(872,236)	(5,246,230)	(1,588,878)
Total Revenue After Adjustments	1,506,938	2,718,884	3,380,821	15,611,305	10,178,421	16,512,618

Note: Some totals may not precisely add up or there may be other minor inconsistencies due to computer rounding.

^a This represents adjusted assessed value after application of the Pledge Factor.

^b Other exemptions represent the property tax welfare exemption for affordable housing units in Blocks 8 and 9.

^c The Controller has not historically allocated a specific amount for administration cost recovery to the Former State Owned Parcels in order to recoup property tax administration costs from the successor agency as it is permitted to do under Revenue and Taxation Code, Section 95.3. This table and the projections included in the Fiscal Consultant Report conservatively assume these cost recoveries will be made in Fiscal Year 2019-20 and future years at 0.03% of tax increment.

^d These overpayments relate to non-pledged parcels and the inclusion of housing fund revenue in Authority remittances in current and/or prior years. In Fiscal Year 2013-14, there was an overpayment in the amount of \$383,632.39 that was incorporated into the overpayment adjustment for Fiscal Year 2017-18.

^e These overpayment adjustments take into account overpayments for non-pledged parcels and inclusion of housing fund revenue from prior periods. The amount shown for Fiscal Year 2019-20 is the amount the Controller's Office has calculated as the remainder of the prior year overpayment adjustments and is the amount expected to be deducted from the January 2, 2020 payment to the Authority, subject to review by the Successor Agency.

Source: San Francisco Assessor's Office, San Francisco Controller's Office, Urban Analytics LLC.

Table 4
Historical Adjusted Assessed Values by Redevelopment Block
Fiscal Year 2014-15 to Fiscal Year 2019-20
Former State Owned Parcels

	<u>Parcel T</u>	<u>Block 6</u>	<u>Block 5</u>	<u>Block 8</u>	<u>Block 9</u>	<u>Parcel F</u>	<u>Block 4</u>	<u>All Others^a</u>	<u>Total</u>
	Salesforce Tower	Solaire	Park Tower	The Avery	500 Folsom	Hines/Urban Pacific	TJPA		
FY2014/15	\$201,657,154	-	-	-	-	-	-	\$10,195,012	\$211,852,166
FY2015/16	275,491,185	\$37,867,180	-	-	-	-	-	3,725,569	317,083,934
FY2016/17	331,152,458	149,636,813	\$4,472	-	-	-	-	3,831,471	484,625,214
FY2017/18	560,839,459	146,494,358	238,656,127	\$72,420,000	\$112,551,093	\$114,697,117	-	2,082,669	1,247,740,823
FY2018/19	1,366,150,889	291,266,692	349,678,087	180,728,400	146,305,302	116,991,058	-	2,136,813	2,453,257,241
FY2019/20	1,777,083,250	303,179,195	546,839,309	333,656,197	239,592,667	115,757,207	-	137,412	3,316,245,237

Note: Some totals may not precisely add up or there may be other minor inconsistencies due to computer rounding.

^a Includes secured assessments on three parcels in Block 11. Fiscal Year 2014-15 also includes a \$6.6 million secured assessment on a state-owned parcel that was removed subsequent to release of the July roll.

Source: San Francisco Assessor's Office, Urban Analytics LLC.

Ten-Largest Tax Payers

The table below sets forth the ten-largest property owners of the Former State Owned Parcels by assessed valuation for the Fiscal Year 2019-20.

Table 5
Largest Property Owners, Fiscal Year 2019-20
Former State Owned Parcels

	Property Assessee	Redevelopment Block	Principal Land Use	Number of Assessor Parcels	Adjusted Secured Value (\$)	Adjusted Unsecured Value (\$)	Total Adjusted Assessed Value (\$)	Percent of Total AV
1	Transbay Tower LLC (Boston Properties)	Parcel T Salesforce Tower	Office	1	1,691,744,881	–	1,691,744,881	51.0%
2	Park Tower Owner LLC (John Buck/Golub)	Block 5 Park Tower	Office	1	546,797,400	–	546,797,400	16.5%
3	Block 6 Joint Venture LLC (Golub)	Block 6 Solaire	Rental Residential	1	302,255,088	–	302,255,088	9.1%
4	Block 9 MRU Residential (Essex/TMG)	Block 9 500 Folsom	Rental Residential	5	239,207,067	–	239,207,067	7.2%
5	T8 Urban Condo Owner LLC (Related) ^a	Block 8 The Avery	For Sale Residential	118	217,325,470	–	217,325,470	6.6%
6	Parcel F Owner LLC (Hines/Urban Pacific) ^b	Parcel F TBD	Vacant	2	115,757,207	–	115,757,207	3.5%
7	T8 Urban Housing Associates LLC (Related)	Block 8 The Avery	Rental Residential, Commercial	11	116,330,727	–	116,330,727	3.5%
8	Salesforce.com Inc. ^c	Parcel T Salesforce Tower	Office	1	–	45,422,422	45,422,422	1.4%
9	415 Mission Street Tenant LLC ^c	Parcel T Salesforce Tower	Office	1	–	33,752,424	33,752,424	1.0%
10	MDC Venture Capital ^c	Parcel T Salesforce Tower	Office	1	–	5,048,529	5,048,529	0.2%
	Total, Top Ten			142	3,229,417,840	84,223,375	3,313,641,215	99.9%
	Total, All Others			103	–	2,604,022	2,604,022	0.1%
	Totals, Former State Owned Parcels			245	3,229,417,840	86,827,397	3,316,245,237	100.0%

Note: Some totals may not precisely add up or there may be other minor inconsistencies due to computer rounding.

^a Based on property tax records, nine condominium units had been sold as of November 22, 2019, for a combined total of \$23.1 million and an expected gain in valuation of \$13.6 million on the Fiscal Year 2020-21 roll; this increase is not included in the Fiscal Year 2019-20 figures shown here.

^b This property is currently vacant. Proposed development includes office, hotel and condominium.

^c Businesses leasing space in the Salesforce Tower, assessed on the unsecured roll.

Source: San Francisco Assessor's Office, Urban Analytics LLC.

Assessment Appeals

Appeals of assessments by property owners in the Former State Owned Parcels can result in future reductions in assessed valuations that affect Pledged Revenues. For a description of assessment appeals, see “APPENDIX A – FISCAL CONSULTANT REPORT.” The following table sets forth the appeals of assessed value for the Former State Owner Parcels for Fiscal Year 2014-15 to Fiscal Year 2019-20:

Table 6
Assessment Appeals
Fiscal Year 2014-15 to Fiscal Year 2019-20
Former State Owned Parcels

Resolved Historical Appeals Through Fiscal Year 2018-19

<u>Roll Year</u>	<u>Appeals^a</u>	<u>County Value</u>	<u>Applicant Opinion of Value</u>	<u>Disputed Value</u>	<u>Assessed Value After Appeal</u>	<u>Retention Rate^b</u>
FY 2014/15	1	\$192,687,042	\$148,000,000	\$44,687,042	\$192,687,042	100.0%
FY 2015/16	0	\$0	\$0	\$0	\$0	N/A
FY 2016/17	0	\$0	\$0	\$0	\$0	N/A
FY 2017/18	1	\$112,551,093	\$90,867,810	\$21,683,283	\$112,551,093	100.0%
FY 2018/19	1	\$146,241,702	\$140,000,000	\$6,241,702	\$146,241,702	100.0%
Total	3	\$451,479,837	\$378,867,810	\$72,612,027	\$451,479,837	100.0%

Pending Appeals for FY 2019/20

<u>Assessor Parcels Number</u>	<u>Assessee</u>	<u>County Value</u>	<u>Applicant Opinion of Value</u>	<u>Disputed Value</u>
3736A-001	Block 9 MRU Residential	\$93,283,165	\$75,000,000	\$18,283,165
3736A-003	Block 9 MRU Residential	\$931,453	\$700,000	\$231,453
3736A-004	Block 9 MRU Residential	\$931,453	\$700,000	\$231,453
3736A-005	Block 9 MRU Residential	\$931,453	\$700,000	\$231,453
3736A-073	Block 9 MRU Residential	\$143,129,543	\$100,000,000	\$43,129,543
Total		\$239,207,067	\$177,100,000	\$62,107,067

Note: Some totals may not precisely add up or there may be other minor inconsistencies due to computer rounding.

^a All resolved and pending appeals have been filed by property owners in Block 9.

^b The Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the “Assessed Value After Appeal” into the “County Value”. For withdrawn and denied appeals, the “Assessed Value After Appeal” is the original County valuation.

Source: San Francisco Assessment Appeals Board as of October 25, 2019, Urban Analytics LLC.

PLEGGED REVENUES AND DEBT SERVICE COVERAGE

Historical Annual Remittance Payments

A summary of annual remittance payments to the Authority with respect to Net Tax Increment for Fiscal Year 2014-15 to Fiscal Year 2018-19 is set forth in the following table:

Table 7
Historical RPTTF Payments to the Authority
Fiscal Year 2014-15 to Fiscal Year 2018-19
Former State Owned Parcels

Annual Remittance Payments to the Authority(\$)^a	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>	<u>FY 2018/19</u>
January RPTTF Actuals	885,449	1,010,260	776,073	13,331,888	10,178,421
June RPTTF Actuals	621,489	1,708,624	2,604,748	2,279,417	0
Total	<u>1,506,938</u>	<u>2,718,884</u>	<u>3,380,821</u>	<u>15,611,305</u>	<u>10,178,421</u>

Note: Some totals may not precisely add up or there may be other minor inconsistencies due to computer rounding.

^a These represent the actual remittance payments to the Authority from the Successor Agency. The June payments in Fiscal Year 2017-18 and Fiscal Year 2018-19 were adjusted for prior period overpayments as shown in the “Overpayment Adjustments” row in Table 2. The total of the payments reported for each fiscal year in Table 4 differ from what is reported for the corresponding fiscal years in the Authority’s Annual Financial Statements because some of the historical tax increment payments have been delayed and not reported by the Authority until the following fiscal year. Appendix Table 2 summarizes how the Authority’s Annual Financial Statements have reported each of the tax increment payments shown in Table 6.

Source: San Francisco Controller’s Office, the Successor Agency, the Authority.

During the periods above, the Successor Agency made various overpayments of Net Tax Increment and transferred Net Tax Increment to the Authority at inconsistent times. See “SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS – Letter Agreement.”

Projected Assessed Valuation

Set forth below are tables showing projected assessed valuation for the Former State Owned Parcels. The Authority believes that the assumptions (including those in “APPENDIX A – FISCAL CONSULTANT REPORT”) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See “RISK FACTORS.” Therefore, the actual assessed valuation for the Former State Owned Parcels may vary from the projections and the variations may be material.

Table 8
Projection of Additional Assessed Value From New Development Under Construction in 2019
Former State Owned Parcels

Land Use			Estimated Full Value		Estimated Additional Value(\$)		Projection of Additional Adjusted Assessed Value (\$)				
Redevelopment Block	Unit	Sq. Ft.	Assumption ^a	Total Full Value (\$)	Less:	Values	Pledge Factor	Projected FY 2020/21	Projected FY 2021/22	Projected FY 2022/23	Projected Future Total
					FY 2019/20 Secured Roll	Not Yet Enrolled					
Block 5 Park Tower Office		767,000	\$1,000/sq.ft.	767,000,000	(601,638,811)	165,361,189	90.9%	50,095,986	50,095,986	50,095,986	150,287,958
Block 8^b The Avery Condominium											
Units Not Sold	101	164,107	\$1,874/sq.ft.	307,536,518	(147,899,581)	159,636,937	100.0%	0	79,818,469	79,818,469	159,636,937
Units Sold in 2019	9	12,049	\$1,917/sq.ft.	23,099,996	(9,515,391)	13,584,605	100.0%	13,584,605	0	0	13,584,605
Penthouse Units	8	33,946	\$1,765/sq.ft.	59,910,498	(59,910,498)	0	100.0%	0	0	0	0
Subtotal	118	210,102	\$1,859/unit	390,547,012	(217,325,470)	173,221,542	100.0%	13,584,605	79,818,469	79,818,469	173,221,542
Block 8^b The Avery Apartment	279		\$806,000/unit	224,874,000	(100,623,640)	124,250,360	100.0%	41,416,787	41,416,787	41,416,787	124,250,360
Block 9^c 500 Folsom Apartment	428		\$806,000/unit	344,968,000	(236,412,708)	108,555,292	100.0%	36,185,097	36,185,097	36,185,097	108,555,292
Total				1,727,389,012	(1,156,000,629)	571,388,383		141,282,475	207,516,338	207,516,338	556,315,152

Note: Estimated valuations are expressed in constant Fiscal Year 2019-20 dollars. The assessed values for condominium and apartments only represent the value of market rate units. The projection excludes the sale of penthouse units which could have a longer sales period compared to other condominium units.

^a The estimated assessed value per unit or square foot is based on the valuation of similar properties in the area. The estimated future valuation includes the Fiscal Year 2019-20 assessed values. See Appendix Tables 3-6. Nine of the Avery condominium units are reported to have been sold as of November 22, 2019, and the estimated future valuation for Fiscal Year 2020-21 includes the recorded sales prices for these units. The estimated future valuation for The Avery condominium units is based on the sale of the remaining 101 units exclusive of the eight penthouse units that may take longer to sell.

^b Assessed value of Block 8 in this table excludes the portion of assessed value attributable to the commercial space (approximately \$15.7 million).

^c Assessed value of Block 9 in this table excludes the portion of assessed value attributable to the commercial space (approximately \$2.8 million).

Source: San Francisco Assessor's Office, Urban Analytics LLC.

Projected Pledged Revenues and Debt Service Coverage

[Debt Service Coverage Tables to be included when determines]

TAX INCREMENT FINANCING GENERALLY AND THE DISSOLUTION ACT

The following sets forth a general description of tax increment financing in California and the impact of the Dissolution Act on enforceable obligations. For a discussion of the Pledge Agreement and the Dissolution Act, see “—Inclusion of Pledge Agreement on ROPS” and “—Letter Agreement” below.

Tax Increment Financing Generally

Under the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes on all taxable property in a project area levied by or for the benefit of the State, any city, county, district or other public corporation (the “Taxing Agencies”) when collected are divided as follows:

(a) *To Taxing Agencies.* An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project areas last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

(b) *To the Former Agency/Successor Agency.* That portion of the levied taxes in excess of the amount described in paragraph (a) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Redevelopment Dissolution Act for permitted administrative costs of the City Controller, constitute the amounts required under the Redevelopment Dissolution Act to be deposited by the City Controller into the RPTTF. In addition, Section 34183 of the Redevelopment Dissolution Act effectively eliminates the “on or after January 1, 1989” reference from paragraph (a) above.

Dissolution of Former Agency; Establishment of Successor Agency

The Former Agency was established in 1948 by action of the Board of Supervisors pursuant to the Community Redevelopment Law (the “Redevelopment Law”), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State. The Former Agency was a separate public body and exercises governmental functions in planning and carrying out redevelopment projects.

In June 2011, as part of the State’s 2011 Budget Act, the State Legislature enacted Assembly Bill No. 26 of the First Extraordinary Session (“AB X1 26”). The California Supreme Court, by its decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* 53 Cal. 4th 231 (2011) (the “CRA Lawsuit”), largely upheld AB X1 26, with modifications regarding certain deadlines that were delayed because of the CRA Lawsuit. As the result of AB X1 26 and the California Supreme Court’s decision in the CRA Lawsuit, all redevelopment agencies in the State, including the Former Agency, were dissolved as of February 1, 2012. The primary provisions of AB X1 26 are set forth in Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the “Dissolution Act”). The Dissolution Act has been amended and supplemented several times since its original enactment, including significant amendments that became effective in June 2012, pursuant to Assembly Bill No. 1484 (“AB 1484”), and in September 2015, pursuant to Senate Bill No. 107 (“SB 107”).

The Dissolution Act provides for the establishment of a successor agency for each former redevelopment agency. Upon the former redevelopment agency's dissolution, all of the former redevelopment agency's assets, properties, contracts, leases, books and records were transferred to the control of the successor agency by operation of law. The successor agency is required to continue to make payments for enforceable obligations (as defined under the Dissolution Act) including the Pledge Agreement.

Even though the City has elected to serve as the successor agency, the Dissolution Act expressly provides that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by virtue of the City's election to serve as the Successor Agency. The obligations of the Successor Agency under the Pledge Agreement is not a debt, liability or obligation of the City, the State or any of its political subdivisions.

Many of the Successor Agency's actions are subject to the direction of, or prior approval by, an Oversight Board, a seven-member board consisting of representatives from various local taxing agencies. For example, the establishment of each Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or the "ROPS") described below must be approved by the Oversight Board. With limited exceptions, resolutions adopted by the Oversight Board are subject to review by the DOF before becoming effective. Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller.

Before the enactment of AB X1 26, a redevelopment agency was authorized to pledge "tax increment" to repay debt incurred to finance or refinance the redevelopment agency's projects. The Redevelopment Law provided a method for financing projects based upon an allocation of taxes collected within each redevelopment project area. Under this method, the taxable value of a redevelopment project area (or a later added component area of a redevelopment project area) last equalized before the adoption of the redevelopment plan (or, as applicable, the plan amendment adding such component area) became the base year value. Except for any period during which the taxable value dropped below the base year level, the taxing agencies received the taxes produced by applying the then current tax rates to the base year roll. The redevelopment agency received taxes collected upon any increase in taxable value over the base year roll (except for any portion generated by rates levied to pay voter-approved bonded indebtedness on or after January 1, 1989 for the acquisition or improvement of real property, commonly known as "overrides"). The portion of such property taxes allocated to the redevelopment agency was referred to as "tax increment."

Under the Dissolution Act, the flow of property tax revenues to the Successor Agency differs significantly from the flow of tax increment to the Former Agency. The Dissolution Act requires the County Auditor-Controller to establish a fund, known as the Redevelopment Property Tax Trust Fund (the "RPTTF"), for the Successor Agency. Each fiscal year, the County Auditor-Controller must determine the amount of property taxes (formerly, tax increment) that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the Dissolution Act and deposit such amount into the RPTTF.

The Dissolution Act currently requires that, except in the case where the DOF has approved a Last and Final Recognized Obligation Payment Schedule, the Successor Agency must prepare a ROPS once a year (to be submitted to the DOF no later than February 1), listing the payments for enforceable obligations that the Successor Agency expects to make for the upcoming two six-month fiscal periods (*i.e.*, the period from July through December and the period from January through June; each, a "ROPS Payment Period"). The Successor Agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year. The Successor Agency is authorized to make

payments only pursuant to an enforceable obligation listed on a ROPS approved by the DOF. The Pledge Agreement has been approved by the DOF as an enforceable obligation.

Allocation of Property Taxes (Determination of RPTTF Deposits)

Successor Agency (RPTTF) Portion Generally. Each fiscal year, the County Auditor-Controller deposits into the RPTTF the amount of property taxes, formerly known as tax increment, that would have been allocated to the Former Agency had the Former Agency not been dissolved, based on assessed values of the property in the project area on the last equalized roll as of August 20 in excess of the base year values. Such allocation of taxes is determined pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code), Section 16 of Article XVI of the California State Constitution and the related redevelopment plan.

Pursuant to the Redevelopment Law, the State Constitution and the Redevelopment Plan, taxes levied upon taxable property in the project area by or for the benefit of the State, the County, the City, any district or other public corporation (collectively, “taxing agencies” or “taxing entities”) for each fiscal year commencing after the effective date (the “Effective Date”) of the City ordinance approving the original redevelopment plan of the project area, are divided as follows:

1. *To taxing agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the project area (or additional area), as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency, last equalized prior to the Effective Date, are allocated to and when collected paid to the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or taxing agencies which did not include such territory on the Effective Date but to which such territory has been annexed or otherwise included after such Effective Date, the assessment roll of the County last equalized on the Effective Date is used in determining the assessed valuation of the taxable property in such territory on the Effective Date); and
2. *To Former Agency/Successor Agency (i.e., deposit into RPTTF under the Dissolution Act):* That portion of such levied taxes each year in excess of the amount provided in paragraph (1) above, are allocated to and, when collected, paid into a special fund of the Former Agency (or, now, to the RPTTF of the Successor Agency) to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Former Agency (and the Successor Agency) to finance or refinance, in whole or in part, redevelopment of the project area; but excluding from the foregoing, the taxes which are attributable to a tax rate levy by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, or an increase in tax rate imposed for the benefit of a taxing agency the levy of which occurs after the tax year in which the ordinance approving the project area (or additional area) became effective but only to the extent the taxing agency has elected in the manner required by law to receive such allocation, which is allocated to, and when collected, paid to such taxing agency (provided, the Dissolution Act contains provisions to the effect that certain overrides are now allocated to the levying entity, even if pursuant the levy was pursuant to voter approval made before January 1, 1989, unless such overrides were pledged to the Former Agency’s bonds).

Before the Former Agency’s dissolution, the portion of property taxes described in paragraph numbered (2) constituted tax increment allocable to the Former Agency of which the Former Agency was

authorized to make pledges to repay indebtedness incurred in carrying out the redevelopment plan, subject to the limitations set forth in the redevelopment plan. After the Former Agency's dissolution, pursuant to the Dissolution Act, such property tax revenues are now deposited into the RPTTF. California Health and Safety Code Section 34172 clarifies that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF is deemed to be a special fund of the Former Agency for payment of debt service on indebtedness of the Former Agency incurred to finance or refinance the redevelopment projects.

Pass-Through Payments

Pursuant to the Pledge Agreement, Net Tax Increment will not include amounts payable to affected taxing entities, commonly known as "pass-through payments." Before the Former Agency's dissolution, the Former Agency was responsible for making the pass-through payments to the taxing agencies from the tax increment disbursed by the County Auditor-Controller. After the Former Agency's dissolution, the County Auditor-Controller makes these pass-through payments to the taxing agencies directly on each January 2 and June 1 from funds available in the RPTTF, before making disbursements from the RPTTF to the Successor Agency.

California Health and Safety Code Section 33607.5 and Section 33607.7 (the "Tax Sharing Statutes") were added to the Redevelopment Law by Assembly Bill 1290 ("AB 1290"), enacted by the State Legislature in 1994. Section 33607.7 was further amended by SB 211, Chapter 741, Statutes of 2001. The Tax Sharing Statutes, together, require that each affected taxing entity that did not have an existing pass-through agreement receive an additional portion of tax increment revenues otherwise payable to the redevelopment agency (the "AB 1290 Payments"), if such taxing entities were affected by: (i) the adoption on or after January 1, 1994, of a new redevelopment plan for a project area or an amendment to an existing redevelopment plan that added territory to a project area, or (ii) the adoption on or after January 1, 1994 of an amendment (to an existing redevelopment plan) which extends the time limit on incurring debt with respect to the project area, extends the time limits for the duration and effectiveness of the redevelopment plan or the time limit for establishing indebtedness, or increases the dollar cap on the amount of tax increment revenues allocable to the redevelopment agency for the project area (unless a taxing entity already receives pass-throughs under an existing agreement). AB 1290 prohibited redevelopment agencies from entering into any new pass-through agreements.

Pursuant to the Tax Sharing Statutes, AB 1290 Payments are made to affected taxing entities with respect to the Former State Owned Parcels. After dissolution of the Former Agency, the County Auditor-Controller (and not the Successor Agency) makes the AB 1290 Payments directly to the taxing agencies from the RPTTF in each January and June. See "APPENDIX A – FISCAL CONSULTANT REPORT" for a description of the formula pursuant to which AB 1290 Payments are calculated and projected dollar amounts of the AB 1290 Payments.

The Dissolution Act provides a procedure under which a successor agency may request taxing agencies to subordinate their AB 1290 Payments and Section 33676 Tax Sharing Payments (defined below) to refunding bonds issued by the Authority under Health and Safety Code Section 34177.5, before the issuance of such refunding bonds. The Successor Agency has not taken any action to subordinate the AB 1290 Payments to the obligations under the Pledge Agreement.

RPTTF Flow of Funds

The Dissolution Act establishes a specific flow of funds for the County Auditor-Controller's administration of the RPTTF. Under Health and Safety Code Section 34183, the County Auditor-Controller, after deducting certain administrative costs due to the County, allocates moneys in the RPTTF as follows:

- (i) No later than each January 2 and June 1, subject to certain adjustment for subordinated pass-throughs as permitted under the Dissolution Act, the County Auditor-Controller remits to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such taxing agency would have received under the relevant provisions of the Redevelopment Law, as those sections read on January 1, 2011, or pursuant to any pass-through agreement between a redevelopment agency and a taxing entity that was entered into prior to January 1, 1994 (see “Pass-Through Payments” above). The pass-through payments are computed as though the requirement to set aside funds for the Housing Fund was still in effect.
- (ii) On each January 2 and June 1, the County Auditor-Controller disburses to the Successor Agency the amount approved by the DOF (see “Recognized Obligation Payment Schedules” below) for payments listed on the Successor Agency’s ROPS for the applicable ROPS Payment Period (*i.e.*, the six-month fiscal period commencing on January 1 or July 1), with debt service payments scheduled to be made for tax allocation bonds having the highest priority. The Successor Agency is permitted, however, to hold a reserve when required by the relevant bond indenture or when the next property tax allocation will be insufficient to pay bond debt service for the next payment due in the following half of the calendar year.
- (iii) On each January 2 and June 1, the County Auditor-Controller also disburses the administrative cost allowance (as defined in the Dissolution Act) to the Successor Agency.
- (iv) On each January 2 and June 1, any moneys remaining in the RPTTF (the “RPTTF Residual”) after the payments and transfers described in subparagraphs (i) through (iii), inclusive, are distributed to local agencies and school entities in accordance with the provisions of the Dissolution Act.

The Dissolution Act requires the County Auditor-Controller to provide to the Successor Agency estimates of the amount of property tax revenues to be allocated to the RPTTF in the upcoming six-month ROPS Payment Period no later than October 1 and April 1, respectively. If the Successor Agency determines that the amount to be allocated to the RPTTF and the other moneys available from funds previously transferred from the Former Agency and through asset sale or other operations are insufficient to fund the payments required by subparagraphs (i) through (iii) above, then the Successor Agency may make a report (a “RPTTF Shortfall Report”) to the County Auditor-Controller, who will in turn notify the DOF and the State Controller. Upon verification and concurrence from the State Controller that there are insufficient funds to pay the required debt service, the County Auditor-Controller will make an adjustment to the upcoming disbursement from the RPTTF as follows:

- (a) First, the amount of the deficiency will be deducted from the RPTTF Residual described in subparagraph (iv) above,
- (b) Second, if the RPTTF Residual is exhausted, deductions will be made from amounts available for distribution as the Authority’s administrative cost allowance described in subparagraph (iii) above,
- (c) Third, if a taxing agency had subordinated its pass-through payments under a pass-through agreement or pursuant to the provisions of the Redevelopment Law or the Dissolution Act to debt service payments required for enforceable obligations, funds for servicing such bond debt will be deducted from such pass-through payments.

As shown on the projections shown in Tables ___ and ___ under “PLEDGED REVENUES AND DEBT SERVICE COVERAGE,” the Authority does not anticipate the necessity of any RPTTF Shortfall Report while the 2020 Bonds are outstanding.

Recognized Obligation Payment Schedules

Listing of Enforceable Obligations and Sources of Funds. The Successor Agency must prepare a ROPS once a year, listing the payments for enforceable obligations that the Successor Agency is expected to make for the upcoming two ROPS Payment Periods (*i.e.*, the six-month fiscal period commencing July 1 and January 1, respectively).

The Dissolution Act contains a specific definition for “enforceable obligations.” As defined in the Dissolution Act, “enforceable obligations” include, among other types of obligations, tax allocation bonds (including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds) of the Former Agency or the Successor Agency. With respect to the Pledge Agreement, the Successor Agency placed an amount on the ROPS that is intended to capture the entire Net Tax Increment to which the Authority is entitled under the Pledge Agreement. The DOF has issued the Successor Agency a final and conclusive determination letter with respect to the Pledge Agreement informing the Successor Agency that the DOF’s approval of the Pledge Agreement as an enforceable obligation is final and conclusive.

The Dissolution Act provides that the ROPS must identify one of the following sources of funds for the payment of each listed enforceable obligation:

- (a) the Housing Fund (moneys that were on deposit in the Housing Fund, except for bond proceeds, have either been transferred to the housing successor or remitted to the County Auditor-Controller as the result of the due diligence review required by the Dissolution Act),
- (b) bond proceeds,
- (c) reserve balances,
- (d) Successor Agency’s administrative cost allowance (as defined in the Dissolution Act),
- (e) RPTTF (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or
- (f) other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Former Agency, as approved by the Oversight Board.

Pursuant to the Dissolution Act, the Successor Agency may only make those payments listed in the ROPS, as approved by the DOF. Generally, the Successor Agency may only make payments from the source of funds identified in the ROPS. However, the Successor Agency may make payments for enforceable obligations from sources other than those listed in the ROPS, if the Successor Agency obtains the Oversight Board’s prior approval (and, consequently, the DOF’s approval because such Oversight Board actions are subject to the DOF’s review).

Timing for ROPS Submission and Approval. The Successor Agency must submit the ROPS to the Oversight Board for approval. Until a Last and Final ROPS has been approved (see “*Last and Final ROPS*” below), no later than each February 1, the Successor Agency must submit the Oversight Board-approved annual ROPS to the County Auditor-Controller, the DOF and the State Controller. For each annual ROPS, the Dissolution Act requires the DOF to make a determination on the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than October 15. Within five business days of the DOF’s determination, the Successor Agency may request additional review and an opportunity to meet and confer with the DOF on the disputed items. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of its review at least 15 days before the upcoming June 1 RPTTF disbursement date (*i.e.*, May 15).

No later than October 1 of each year, the Successor Agency may submit one amendment to the annual ROPS previously approved by the DOF for the then current fiscal year. Such amendment may pertain only to a modification of the amount requested for an enforceable obligation for the second ROPS Payment Period of such ROPS (*i.e.*, the ROPS Payment Period from January 1 to June 30). The ROPS amendment is subject to the Oversight Board’s, and subsequently the DOF’s, approval. The DOF must notify the Successor Agency and the County Auditor-Controller regarding the outcome of the DOF’s review at least 15 days before the upcoming January 2 RPTTF disbursement date (*i.e.*, December 18).

The Dissolution Act permits the County Auditor-Controller to review each submitted ROPS and object to the inclusion of any item that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of any such objection to the Successor Agency, the Oversight Board, and the DOF at least 60 days before the next RPTTF disbursement date (*i.e.*, November 2 and April 2, respectively). If the Oversight Board disputes the finding of the County Auditor-Controller, it may refer the matter to the DOF for a determination.

Penalties for Failure to Submit on a Timely Basis. The Dissolution Act imposes penalties for the Successor Agency’s failure to submit a ROPS on a timely basis. If the Successor Agency fails to submit a ROPS by the prescribed deadlines, the City (as the entity that created the Former Agency) will be subject to a civil penalty equal to \$10,000 per day for every day the ROPS is not submitted to the DOF. Furthermore, the DOF, any affected taxing entity and any creditor of the Successor Agency will have standing to file and may request a writ of mandate to require the Successor Agency to immediately perform this duty; provided that any such filing should be made in the County of Sacramento, California. Additionally, the Successor Agency’s maximum administrative cost will be reduced by 25 percent if the Successor Agency does not submit a ROPS within ten days of the deadline for the ROPS submission.

If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS that complies with the requirements of the Dissolution Act within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the County Auditor-Controller for payments of enforceable obligations from distribution to taxing entities, pending approval of the ROPS. Upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations, the County Auditor-Controller will distribute the portion that represents the RPTTF Residual (see “RPTTF Flow of Funds” above) to the affected taxing entities. The County Auditor-Controller will distribute the withheld funds to the Successor Agency only in accordance with a ROPS approved by the DOF. The Dissolution Act states that the County Auditor-Controller lacks the authority to withhold any other amounts from the allocations provided for under the provisions of the Dissolution Act governing the disbursements of funds from the RPTTF.

To date, the Successor Agency has submitted all ROPS filings on a timely basis to the DOF.

Last and Final ROPS. The Dissolution Act permits the Successor Agency to submit a Last and Final ROPS or “LFROPS” to the Oversight Board and the DOF for approval at any time on or after January 1, 2016. Pursuant to the template provided by the DOF, the Successor Agency must list on the LFROPS the enforceable obligations, the amounts of the payments and the source of payments for each six month ROPS Payment Period up to the date of the last payment by the Successor Agency. Before filing an LFROPS, the Successor Agency must meet the following conditions:

- (i) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules,
- (ii) all remaining obligations have been previously listed on a ROPS and approved by the DOF, and
- (iii) the Successor Agency is not a party to any outstanding or unresolved litigation.

The DOF will have 100 days to review an LFROPS submitted for approval. If the DOF approves the LFROPS, the LFROPS will establish the maximum amount of RPTTF to be distributed to the Successor Agency for each remaining fiscal year until the approved obligations have been fully paid.

After the DOF approves an LFROPS, the LFROPS will become effective on the first day of the immediately next ROPS Payment Period (*i.e.*, the following January 1 or July 1, as applicable); provided that if LFROPS is approved less than 15 days before the date next RPTTF Disbursement Date (*i.e.*, the following January 2 or June 1), then the LFROPS will not become effective until the subsequent ROPS Payment Period. Upon the LFROPS taking effect, the Successor Agency will no longer have to submit any further annual ROPS. The County Auditor-Controller will make distributions from the RPTTF to the Successor Agency pursuant to the LFROPS until the aggregate amount of property tax allocated to the Successor Agency equals the total outstanding obligation approved in the LFROPS. Any revenues, interest and earnings of the Successor Agency not authorized for use pursuant to the DOF-approved LFROPS and all proceeds from the disposition of real property subsequent to the approval of the LFROPS will be remitted to the County Auditor-Controller for distribution to the affected taxing entities.

After the DOF’s approval of the LFROPS, the Successor Agency may submit no more than two requests to amend the LFROPS. Each amendment request must be approved by the Oversight Board before submission to the DOF. The DOF will then have 100 days to approve or deny the request.

After the effective date of a DOF-approved LFROPS, resolutions adopted by the Oversight Board will become effective without additional submission and approval by the DOF, with the exception of resolutions relating to refunding bonds, long range property management plans, amendments to LFROPS or dissolution of the Successor Agency.

The Successor Agency has not determined whether to submit a LFROPS.

Inclusion of Pledge Agreement on ROPS.

The Pledge Agreement has been listed on the ROPS of the Successor Agency each year since the Dissolution Act and the DOF has approved the Pledge Agreement as an enforceable obligation each of those years. The DOF has issued the Successor Agency a final and conclusive determination letter with respect to the Pledge Agreement informing the Successor Agency that the DOF’s approval of the Pledge Agreement as an enforceable obligation is final and conclusive.

Letter Agreement

Between Fiscal Year 2014-15 and Fiscal Year 2018-19, the Successor Agency transferred amounts that exceeded the amount of Net Tax Increment to which the Authority is entitled under the Pledge Agreement. The reasons for the overpayment include payment of tax increment on parcels that are not Former State Owned Parcels, and payment of tax increment prior to deduction of certain housing set asides specified by law. In addition, although the Pledge Agreement requires the Successor Agency to provide Net Tax Increment to the Authority within 10 days after receipt from the City, without setoff or counterclaim, the Authority has been receiving the Net Tax Increment at inconsistent times.

To facilitate a smooth administrative transfer of funds and other administrative actions, the Authority, the City and the Successor Agency have entered into a Letter Agreement (the “Letter Agreement”) to implement a reasonable process to provide that the appropriate amount of Net Tax Increment is listed on the ROPS of the Successor Agency each year and the Successor Agency timely transfers the full amount of Net Tax Increment to which the Authority is entitled under the Pledge Agreement. Among other things, the Letter Agreement confirms the agreement of the Authority, the City, and Successor Agency to periodically meet, and to review and confirm, calculations related to Net Tax Increment and materials related to submission of the ROPS.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedure

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of creation of the other liens.

Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes in the case of delinquency: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling the personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared to be in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5 percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county tax collector.

The valuation of property is determined as of the January 1 lien date each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and October 10. Unsecured property taxes become delinquent if not paid by August 31.

A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property upon the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to 16 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies, to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Former State Owned Parcels, Net Tax Increment may increase.

In 1990, the State Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) (“SB 2557”) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. California courts have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. The 1992 enactment of Senate Bill 1559 (Chapter 697) and the decision of the California Court of Appeal in *Arcadia Redevelopment Agency v. Ikemoto* have clarified that redevelopment agencies, such as the Former Agency, are to share in the cost of property tax administration charged by most California counties, including the County. The Dissolution Act provides that before disbursement of moneys from the RPTTF to the Successor Agency, the County Auditor-Controller is entitled to make a deduction for the purposes of the County administrative costs under Section 95.3 of the Revenue and Tax Code.

Teeter Plan

The City has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et. seq. of the State Revenue and Taxation Code. Generally, under the Teeter Plan, each participating local agency, including cities, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency.

The Teeter Plan remains in effect in the City unless and until the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the 2020 Bonds.

As of _____, 2020, the overall delinquency rate for Fiscal Year _____ for all secured properties in the Project Area was [__]%. [See APPENDIX A – “FISCAL CONSULTANT REPORT.”]

Article XIII A of California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the “full cash value” of property to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII A was adopted in October 1986 by initiative which exempts from the one percent limitation any taxes levied to pay bonded indebtedness approved by two-thirds (55 percent in certain instances) of the votes cast by voters for the acquisition or improvement of real property.

On September 22, 1978, the California Supreme Court upheld Proposition 13 over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In subsequent elections, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, does not constitute a “purchase” or “change of ownership” triggering reassessment under Article XIII A. This amendment has reduced local property tax revenues. Other amendments permitted the Legislature to authorize the transfer of a property’s assessed value to a replacement property under certain conditions, such as for residences of persons over 55 years old, for residences of severely disabled homeowners and for contaminated property. Other amendments have excluded certain improvements from the definition of “new construction,” such as seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.

Challenges to Article XIII A. California trial and appellate courts have upheld the constitutionality of Article XIII A’s assessment rules in three significant cases. The United States Supreme Court, in an appeal to one of these cases, upheld the constitutionality of Article XIII A’s tax assessment system. The Authority cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Authority’s receipt of Net Tax Increment should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100 percent of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100 percent of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, two percent annual value growth) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility and railroad property

assessed by the State Board of Equalization, which is allocated by a different method than the one discussed in this Official Statement.

Article XIII B of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution which has been subsequently amended several times. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base year for establishing such appropriation limit is fiscal year 1986-87 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Health and Safety Code, which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness, will not be deemed the receipt by the redevelopment agency of proceeds of taxes levied by or on behalf of the redevelopment agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*, which cases were not accepted for review by the California Supreme Court.

Proposition 87

Under prior State law, if a taxing entity increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by the voters of the State on November 8, 1988, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, with respect to tax rate increases approved on or after January 1, 1989, to repay voter approved general obligation debt, redevelopment agencies no longer receive an increase in tax increment.

Articles XIII C and XIII D of California Constitution

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain voter requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. Pledged Revenues securing the Bonds are derived from property

taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Net Tax Increment available for allocation to the RPTTF and to the Authority for payment on the Bonds.

Assessed Value Appeals and Proposition 8 Adjustments

General. Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Section 51 of the Revenue and Taxation Code also permits a reduction (a "Proposition 8 Adjustment") in the assessed value if the full cash value of the property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. During the Great Recession (which began around 2007), the County Assessor's Office initiated proactive reviews of the assessed value of properties, which resulted in Proposition 8 Adjustments for many properties in the County.

After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

Any assessment appeal that is pending or which may be filed in the future, if successful, will result in a reduction of the assessed value of the subject property. A reduction of assessed valuation due to

appeals, if significant, and the resulting property tax refunds could adversely impact the amount of Pledged Revenues available to pay debt.

RISK FACTORS

Investment in the 2020 Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the 2020 Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Concentration of Ownership

The largest taxpayers in the Former State Owned Parcels consist of seven commercial or residential buildings in a relatively small geographical area. The largest top ten taxpayers in the Former State Owned Parcels account for approximately 99.6% of the total valuation in the Former State Owned Parcels in Fiscal Year 2019-20. The concentration of the top assesses within the Former State Owned Parcels is identified in Table __. Given the nature of the Former State Owned Parcels, it is unlikely that concentration of ownership will materially change in the future. Accordingly, a decline in the assessed value of parcels owned by one of the largest top ten taxpayers in the Former State Owned Parcels could have an adverse impact on Pledged Revenues. See “FORMER STATE OWNED PARCELS – Ten Largest Taxpayers.”

Reduction in Taxable Value

The projected Pledged Revenues shown in this Official Statement are based on certain assumptions. See “PLEGGED REVENUES AND DEBT SERVICE COVERAGE – Projected Pledged Revenues and Debt Service Coverage.” No assurances can be given that the assessed value of properties in the Former State Owned Parcels will never fall below the values estimated for the projections shown in the Fiscal Consultant’s Report attached in Appendix A.

Property values, and correspondingly, assessed values are impacted by many factors which are beyond the Authority’s control. The residential property markets in many areas of the State have experienced significant boom, downturn and recovery during the last two decades. With respect to industrial and commercial properties, periodic improvement and reinvestment are generally required to maintain their value. The willingness of an owner to upgrade and maintain such property depends on many factors, including vacancy rate (for rental properties) and the financial health of the businesses operated on such property. The Authority has not undertaken to assess the financial conditions of the current owners or occupants of the properties within the Former State Owned Parcels or make inquiries into the means by which such owners financed their properties. Property value and development growth in the Former State Owned Parcels will be subject to the fluctuation of the real estate market throughout the term of the 2020 Bonds.

In addition to the general real estate market fluctuation, a relocation out of the Former State Owned Parcels by one or more major property owners, the discovery of hazardous substances on a property within the Former State Owned Parcels (see “Hazardous Substances” below) or the complete or partial destruction of property caused by, among other possibilities, an earthquake, flood or other natural disaster (see “Natural Disasters” below or any other event which would permit a reassessment of property at lower values), could cause a reduction in the taxable value of properties in the Former State Owned Parcels. Future initiatives or legislation may be approved by the electorate or the legislature which would further limit the increase of

assessed value of a property or reduce the tax rate applicable to the property, and could cause a reduction in the Pledged Revenues. See “PROPERTY TAXATION IN CALIFORNIA.” Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See “PROPERTY TAXATION IN CALIFORNIA – Assessed Value Appeals and Proposition 8 Adjustments.” A reduction of assessed valuation that causes a decline in Pledged Revenues or the resulting property tax refunds could have an adverse effect on the Authority’s ability to make timely repayments on the 2020 Bonds.

Development Risks

The Authority’s ability to make payments on the 2020 Bonds will be dependent upon the economic strength of the Former State Owned Parcels. The general economy of the Former State Owned Parcels will be subject to all of the risks generally associated with urban real estate development projects. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Former State Owned Parcels could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the Former State Owned Parcels, the owners of property within the Former State Owned Parcels may be less able or less willing to make timely payments of property taxes or petition to reduce assessed valuation causing a delay in or even stop to the receipt of Net Tax Increment by the Successor Agency from the Former State Owned Parcels.

Bankruptcy and Foreclosure of Landowners

The payment of the property tax revenue from which Pledged Revenues are derived and the ability of the City to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure.

Appeals to Assessed Values

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the Assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the Assessor is reduced, the valuation of the property cannot increase in subsequent years more than two percent (2%) annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property’s then current taxable value (escalated base year value). Pursuant to California law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the City, a property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any one (1) year period must submit an application to the City’s Assessment Appeals Board. Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the Assessor, the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Assessment Appeals Board (or, in

some cases, a hearing examiner) for a hearing and decision. The Assessment Appeals Board generally is required to determine the outcome of appeals within two (2) years of each appeal's filing date unless waived by applicant. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than two percent (2%)) following the year for which the reduction application is filed. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

An appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in present or future taxable values of the Former State Owned Parcels, which may arise out of successful appeals by property owners, will affect the amount of present or future Pledged Revenues.

Assessors have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions. [Although the Assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions, these temporary reductions in value and any restorations of previously-reduced values are incorporated into the Fiscal Year 2019-20 roll data shown in the tables under "PLEGGED REVENUES AND DEBT SERVICE COVERAGE" above.

See "FORMER STATE OWNED PARCELS—Assessment Appeals."

Additional Bonds

The Authority may issue or incur obligations payable from Pledged Revenues on a parity with its pledge of Pledged Revenues to payment of the 2020 Bonds, but only to the extent permitted in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS – Additional Bonds." The existence of and the potential for such obligations increases the risks associated with the Authority's payment on the 2020 Bonds in the event of a decrease in the Authority's receipt of Net Tax Increment under the Pledge Agreement.

Natural and Other Disasters

Real estate values can be adversely affected by a variety of natural events and conditions, including earthquakes, tsunamis, sea level rise and floods. The relatively small geographical area of the Former State Owned Parcels can exacerbate the impact of any natural event or condition on real estate values. The Authority expects that one or more of these conditions may occur from time to time, and such conditions may result in delays in development or damage to property improvements. Any damage resulting from a natural disaster may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of real estate within the Former State Owned Parcels could depreciate substantially and owners of property may be less willing or able to pay property taxes.

Earthquake. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about three miles to the southeast of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away. Significant seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay

Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2045. Such earthquakes may be very destructive. Due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the real property values.

Climate Change and Flooding. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is “The Impacts of Sea-Level Rise on the California Coast.” The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property is at risk of flooding from 100-year flood events as a result of a 1.4-meter sea level rise. The paper further estimates that the replacement value of this property totals nearly \$100 billion (in 2000 dollars). Two-thirds of this at-risk property is concentrated in San Francisco Bay, indicating that this region is particularly vulnerable to impacts associated with sea-level rise due to extensive development on the margins of the Bay. A wide range of critical infrastructure, such as roads, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

Sea level rise can lead not only to permanent inundation of land but it can also expand the 100-year floodplain. Land composed of fill near San Francisco Bay is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. The Authority is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the Former State Owned Parcels.

Tsunamis. Tsunamis are large waves in the ocean generated by earthquakes, coastal or submarine landslides, or volcanoes. Damaging tsunamis are not common on the California coast. Most California tsunami are associated with distant earthquakes (most likely those in Alaska or South America, and recently in Japan), not with local earthquakes. Devastating tsunamis have not occurred in historic times in the San Francisco Bay Area. The Community Safety Element states that, because of the lack of reliable information about the kind of tsunami run-ups that have occurred in the prehistoric past, there is considerable uncertainty over the extent of tsunami run-up that could occur.

It should be assumed, therefore, that an earthquake or other natural event or man-made activity may occur and may cause damage to improvements on parcels in the Former State Owned Parcels of varying degrees of severity, that such damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate usability or because other considerations may preclude such repair or replacement. Consequently, the occurrence of any of these conditions could result in a significant decrease in the assessed value of taxable values of property in the Former State Owned Parcels and could result in a significant reduction in Pledged

Revenues. Such reduction of Pledged Revenues could have an adverse effect on the Authority's payment of debt service on the 2020 Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Former State Owned Parcels. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition at the property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Former State Owned Parcels be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Bond Insurance Risk Factors

[TO COME]

Levy and Collection; Teeter Plan

The Authority does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Revenues, and accordingly, could have an adverse impact on the ability of the Authority to repay the Outstanding 2020 Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Authority's ability to make timely debt service payments.

The City has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et. seq.* of the State Revenue and Taxation Code. Generally, under the Teeter Plan, each participating local agency, including cities, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency.

The Teeter Plan remains in effect in the City unless and until the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the 2020 Bonds.

As of _____, 2019, the overall delinquency rate for Fiscal Year 2018-19 for all secured properties in the Former State Owned Parcels was ____%. See APPENDIX A – FISCAL CONSULTANT'S REPORT."

Payment of Debt Service on 2020 Bonds Depends on Successor Agency Transfer of Pledged Revenues

Under the Pledge Agreement, the Successor Agency is obligated to transfer the Net Tax Increment to the Authority within 10 days of receipt from the City, without setoff or counterclaim. In the last five years, the Authority received the Net Tax Increment relating to the January 2 disbursement date as late as March 4 and the Net Tax Increment relating to the June 1 disbursement date as late as September 7. The Authority, however, does not expect significant delays in the receipt of the Net Tax Increment in the future as the cause of the prior delays, which was reconciliation of the Net Tax Increment amounts between the two agencies, has been resolved, and the Authority, the City and the Successor Agency have entered into a Letter Agreement to implement a process to provide for the Successor Agency timely transferring the Net Tax Increment to which the Authority is entitled under the Pledge Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR 2020 BONDS – Letter Agreement.”

Authority has Limited Operating Revenues

[TO COME]

Recognized Obligation Payment Schedules

The Successor Agency is required to prepare and submit the ROPS at the prescribed times to the Oversight Board and the DOF for review. The County Auditor-Controller is authorized to only distribute moneys to the Successor Agency from the RPTTF in accordance with a ROPS approved by the DOF. The Successor Agency is authorized to use funds only pursuant to an enforceable obligation listed on a ROPS approved by the Oversight Board and the DOF. See “TAX INCREMENT FINANCING GENERALLY AND THE DISSOLUTION ACT.”

The Dissolution Act provides the ROPS must be submitted to the DOF at the times prescribed by the Dissolution Act. If the Successor Agency fails to submit to the DOF an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the DOF may determine if the County Auditor-Controller should withhold any RPTTF amount for payments for enforceable obligations from distribution to taxing entities, pending DOF’s approval of the ROPS. If the Successor Agency indeed fails to submit to the DOF an Oversight Board-approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, and the DOF does not provide notice to the County Auditor-Controller to withhold funds, it is unclear whether the County Auditor-Controller will disburse all of the funds then in the RPTTF to the taxing agencies pursuant to the Dissolution Act provisions relating to RPTTF Residual. The Dissolution Act provides very limited authority to the County Auditor-Controller to withhold RPTTF funds from disbursements to taxing agencies.

The Authority covenants in the Indenture to use its best efforts to ensure that the City and the Successor Agency take all actions required under the Dissolution Act to include the amount of the Net Tax Increment under the Pledge Agreement in the ROPS that the Authority would have been entitled to under the Pledge Agreement if the Former Agency were not dissolved under the Dissolution Act, and the Authority also covenants that it will use its best efforts to ensure that the Successor Agency files its ROPS with the DOF. No assurance can be made that the Successor Agency will in fact take such actions. [However, since the enactment of the Dissolution Act, the Successor Agency has never failed to take such actions.]

Future Implementation of Dissolution Act

The Successor Agency's timely receipt of RPTTF disbursements to pay enforceable obligations, including the Pledge Agreement, is dependent upon the coordination with, and the implementation of, the Dissolution Act procedures by the DOF and the County Auditor-Controller. While each of the Successor Agency, the DOF, the County Auditor-Controller, and other affected parties coordinate to implement and fulfill the requirements of the Dissolution Act, the Authority cannot give any assurances that future interpretation of specific provisions of the Dissolution Act or their implementation will not affect the timing and amount of RPTTF disbursements to the Successor Agency.

Numerous lawsuits have been filed pertaining to the DOF's implementation of various provisions of the Dissolution Act. Some are still pending. A lawsuit (the "Syncora Lawsuit") was filed by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") on August 12, 2012, with the Superior Court of California in the County of Sacramento, *Case No. 34-2012-80001215*. Syncora is the municipal bond insurer for a number of bond insurance policies for outstanding bonds issued by former California redevelopment agencies. Syncora alleged that the Dissolution Act, and specifically the "Redistribution Provisions" (including California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because such provisions unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation. The Syncora Lawsuit was brought as a petition for writ of mandate and complaint for declaratory relief, inverse condemnation and injunctive relief. On May 29, 2013, the Court entered a ruling. The Court (1) denied Syncora any form of relief requested in the Complaint and Petition on its impairment of contracts claims, on the ground that those claims were premature, as no evidence was submitted by Syncora that any redevelopment agency bonds it insures are in default or that any redevelopment agency bonds are in default at all; and (2) held that Syncora's takings claims are not necessarily premature, that an evidentiary hearing should be conducted to address such claims, and that the parties should file status reports with the Court addressing certain issues in connection with such evidentiary hearing. On August 16, 2013, the parties filed with the Court a proposed stipulated judgment which dismisses Syncora's impairment of contract claims and takings claims without prejudice on grounds of prematurity. The stipulated judgment, as proposed by the parties, was entered on October 3, 2013.

The Authority cannot predict the outcome of any pending or future lawsuit with respect to the interpretation, the implementation or the validity of any provision of the Dissolution Act, including the provisions under which the 2020 Bonds are issued. The Authority believes that the federal and State Constitutions clauses regarding contract impairments and takings provide protection to the bondholders of the Bonds in the event of any lawsuit concerning provisions affecting the validity and payment on bonds issued under the Dissolution Act. However, the outcome of any such lawsuit is beyond the Authority's control.

State Budget

Two of the key bills that comprise the Dissolution Act, AB X1 26 and AB 1484, were enacted by the State Legislature and signed by the Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, with the intention to transfer cash assets held by redevelopment agencies to cities, counties, and special districts to fund core public services and with assets transferred to schools offsetting State general fund costs. Most of the provisions of SB 107 (containing the most recent significant amendments to the Dissolution Act) were also initially presented as

part of AB 113, a trailer bill to the fiscal year 2015-16 State Budget, even though SB 107 was eventually enacted in September 2015, several months after the adoption of the State Budget. There can be no assurance that legislation affecting successor agencies or Pledged Revenues will not be enacted to implement provisions in connection with the State budget needs or other reasons in the future.

The Authority expects, but cannot guarantee, that the processes for the funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Pledged Revenues in accordance with the Indenture and will effectively result in adequate Pledged Revenues for the timely payment of principal of and interest on the Bonds when due.

Information about the State budget and State spending is available at various State maintained websites. Text of the enacted State Budget for fiscal year 2020-20 and other documents related to the State budget may be found at the websites maintained by the DOF, www.dof.ca.gov and <http://www.ebudget.ca.gov/>. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

The full text of each State Assembly bill cited above and other bills pending before the State Senate or State Assembly may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml>.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Authority makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Bankruptcy Risks; Enforceability of Remedies

The various legal opinions to be delivered concurrently with the delivery of the 2020 Bonds (including Bond Counsel's approving legal opinions) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. The enforceability of the rights and remedies of the owners of the 2020 Bonds and the obligations of the Authority or the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and, consequently, may entail risks of delay, limitation, or modification of their rights.

The Authority and the City (both as the Successor Agency and as a California city) are authorized under California law to file for bankruptcy protection under Chapter 9 of the Bankruptcy Code. However, third parties cannot bring involuntary Chapter 9 bankruptcy proceedings against a government entity.

Should the Authority, the Successor Agency or the City become a debtor in a bankruptcy proceeding, the owners of the 2020 Bonds would continue to have a lien on Pledged Revenues after the commencement of the bankruptcy case so long as the Pledged Revenues constitute “special revenues” within the meaning of the Bankruptcy Code. “Special revenues” are defined under the Bankruptcy Code to include, among other things, incremental tax receipts from the benefited area in the case of tax-increment financing. While the Pledged Revenues appear to be “special revenues,” no assurance can be given that a court would not determine otherwise. Bankruptcy courts are courts of equity and as such have broad discretionary powers, and there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of revenues collected for the payment of revenue bonds in California. If Pledged Revenues do not constitute “special revenues,” there could be delays or reductions in payments with respect to the 2020 Bonds.

Further, although the automatic stay arising upon the filing of a bankruptcy petition under Chapter 9 has historically been understood not to stay the collection and application of special revenues to payment of bonds secured by such special revenues, if the Authority, the Successor Agency or the City were to become a debtor in a proceeding under Chapter 9, the bankruptcy court could possibly decide that (i) post-bankruptcy payments to holders of the 2020 Bonds are merely optional and not mandatory under the special revenues provisions of the Bankruptcy Code and/or (ii) the automatic stay exception for special revenues in those provisions does not apply (including to possible enforcement action) or is limited to amounts of Pledged Revenues then on hand with the Trustee, Successor Agency, the Authority or the County Auditor-Controller. If the bankruptcy court were to interpret the Bankruptcy Code in that (or a similar) fashion, the parties to the proceeding may thus be prohibited from taking any action to collect the Pledged Revenues, or to enforce the Pledge Agreement or any related obligation connected with the 2020 Bonds, without the bankruptcy court’s permission.

Regardless of any specific determinations by a bankruptcy court in a bankruptcy proceeding of the Authority, Successor Agency or the City, the mere filing by for bankruptcy protection by the Authority, Successor Agency or the City could have a material adverse effect on the marketability and market price of the 2020 Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2020 Bonds, or, if a secondary market exists, that such 2020 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Reduction in Inflationary Rate

As described in greater detail above, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Decreases in property values could cause a reduction in Net Tax Increment received by the Successor Agency (and accordingly Pledged Revenues available for payment of the 2020 Bonds). Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation several times, but, in Fiscal Year 2010-11, the inflationary value adjustment was negative for the first time at -0.237%. The Authority is unable to predict if any adjustments to the full cash value of real property within the Former State Owned Parcels, whether an increase or a reduction, will be realized in the future.

Subordination of the Subordinate 2020 Bonds

Payment of debt service on the Subordinate 2020 Bonds is subordinate to the payment of debt service on the Senior 2020 Bonds. The Authority is obligated by the Indenture to use Pledged Revenues for payment of debt service on the Senior 2020 Bonds before it pays debt service on the Subordinate 2020 Bonds, as and to the extent set forth in the Indenture and described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS.” The Authority can provide no assurance that Pledged Revenues will be sufficient to pay debt service on the Subordinate 2020 Bonds when due.

Millennium Tower

Millennium Tower (the “Tower”) is a 58-story luxury residential building completed in 2009 and located at 301 Mission Street in downtown San Francisco. The Tower is not located on a Former State Owned Parcel and does not generate any Net Tax Increments and none of the information presented in this Official Statement assumes receipt of Net Tax Increments from the Tower project. On August 17, 2016, several owners of condominiums in the Tower filed a lawsuit, San Francisco Superior Court Case No. 16-553758 (the “Lehman Lawsuit”) against the Authority, among others.

The Authority began excavation and construction of the Salesforce Transit Center in 2011, after the Tower was completed. In brief, the Lehman Lawsuit claims that the construction of the Salesforce Transit Center harmed the Tower by causing it to settle and tilt more than planned, and the owners claim unspecified monetary damages for inverse condemnation and nuisance. The Authority has asserted that due to a negligently designed foundation, the Tower had already sunk twice as much as planned and was tilting before the Authority began construction of the Salesforce Transit Center and that the Authority took precautionary efforts to avoid exacerbating the situation.

In addition to the Lehman Lawsuit, the Authority is named as a defendant in lawsuits filed by the homeowners’ association, the Millennium Tower Association Lawsuit (San Francisco Superior Court Case No. 17-557830); the owners of a single unit, the Montana Lawsuit (San Francisco Superior Court Case No. 17-558649); and owners of multiple units, the Buttery Lawsuit (San Francisco Superior Court Case No. 17-556292), the Shadduck Lawsuit (San Francisco Superior Court Case No. 17-562423), the Ying Lawsuit (San Francisco Superior Court Case No. 17-559210), the Maui Peaks Lawsuit (San Francisco Superior Court Case No. 17-560322), and the Turgeon Lawsuit (San Francisco Superior Court Case No. 18-564417). All lawsuits contain similar claims as the Lehman Lawsuit. The plaintiff in the Maui Peaks Lawsuit has also filed a motion to certify the class of homeowners in the Tower. In another suit, the Chang Lawsuit (San Francisco Superior Court Case No. 17-556617), the Authority is not named as a defendant but at least one of the defendants has filed a petition for writ of mandate and cross complaint against the Authority.

The parties have been participating in confidential mediation, and recently reached an agreement-in-principle as to the amounts to be paid and received by all parties pursuant to a global resolution of the litigation. The agreement is contingent on the negotiation, execution, and approval of one or more documented global settlement agreements, as well as resolution of certain other contingencies, much of which the Authority cannot control. Discovery is stayed while the parties negotiate the global settlement agreement. Meanwhile, the terms of the agreement-in-principle, including any contribution from the Authority, remain subject to the mediation privilege. In the event that the settlement-in-principle is not finalized, the Authority cannot make any prediction as to the outcome of the lawsuits, or whether the lawsuits, if determined adversely to the Authority, would have a material adverse impact on Authority finances.

Loss of 2020A Bonds Tax Exemption

Compliance by Authority. In order to maintain the exclusion of interest on the 2020A Bonds from gross income for federal income tax purposes, the Authority has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as hedge bonds or private activity bonds, among other things. Interest on the 2020A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds as a result of acts or omissions of the Authority in violation of these covenants. See “CONCLUDING INFORMATION – 2020A Tax-Exempt Bonds Matters.”

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the 2020A Bonds may be considered by the United States Congress and the State legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the 2020A Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2020A Bonds will not have an adverse effect on the tax exemption of interest on the Bonds or the market value of the 2020A Bonds.

CONCLUDING INFORMATION

Underwriting

Pursuant to a bond purchase agreement (the “Purchase Agreement”), Citigroup Global Markets Inc., Stifel Nicolaus & Company, Inc. and Morgan Stanley & Co. LLC, as the Underwriters, have agreed, subject to certain conditions, to purchase the Senior 2020A Bonds at a purchase price of \$_____ (which is equal to the principal amount of the Senior 2020A Bonds, [plus/less] an original issue [premium/discount] of \$_____, and less an Underwriters’ discount of \$_____), the Senior 2020B Bonds at a purchase price of \$_____ (which is equal to the principal amount of the Senior 2020B Bonds, [plus/less] an original issue [premium/discount] of \$_____, and less an Underwriters’ discount of \$_____), the Subordinate 2020A Bonds at a purchase price of \$_____ (which is equal to the principal amount of the Subordinate 2020A Bonds, [plus/less] an original issue [premium/discount] of \$_____, and less an Underwriters’ discount of \$_____), and the Subordinate 2020B Bonds at a purchase price of \$_____ (which is equal to the principal amount of the Subordinate 2020B Bonds, [plus/less] an original issue [premium/discount] of \$_____, and less an Underwriter’s discount of \$_____). The Purchase Agreement provides that the Underwriters will purchase all of the 2020 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement. The Underwriter intends to offer the 2020 Bonds to the public initially at the prices set forth on the inside cover of this Official Statement, which prices may subsequently change without any requirement of prior notice.

Ratings

S&P Global Ratings (“S&P”) and Fitch Rating (“Fitch”) have assigned underlying ratings of “___” and “___,” respectively, to the Senior 2020 Bonds [without giving effect to the Bond Insurance Policy]. In addition, S&P and Fitch are expected to assign ratings of “___” and “___,” respectively, to the Senior 2020 Bonds conditioned on the issuance by the Bond Insurer of the Bond Insurance Policy at the time of delivery of the Senior 2020 Bonds. See “BOND INSURANCE FOR 2020 BONDS.”

[S&P and Fitch have assigned underlying ratings of “___” and “___,” respectively, to the Subordinate 2020 Bonds [without giving effect to the Bond Insurance Policy]. In addition, S&P and Fitch are expected to assign ratings of “___” and “___,” respectively, to the Subordinate 2020 Bonds conditioned

on the issuance by the Bond Insurer of the Bond Insurance Policy at the time of delivery of the Subordinate 2020 Bonds. See “BOND INSURANCE FOR 2020 BONDS.”] [The Authority has not made and does not contemplate making an application to any rating agency for the assignment of a rating to the Subordinate 2020 Bonds.]

S&P and Fitch’s ratings reflect only the views of S&P and Fitch and any explanation of the significance of such ratings may be obtained from S&P and Fitch. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward, suspended or withdrawn entirely, if in S&P and Fitch’s judgment, circumstances so warrant. Other than as described in the Continuing Disclosure Certificate, the Authority takes no responsibility regarding either to bring to the attention of the Owners of the 2020 Bonds any revision, suspension or withdrawal of such ratings or to oppose any such revision or withdrawal. Any such downward, suspension, revision or withdrawal of the ratings may have an adverse effect on the market price of the 2020 Bonds.

Litigation

There is no litigation pending and notice of which has been received by the Authority or, to the Authority’s knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the 2020 Bonds, to contest the validity of the 2020 Bonds, the Indenture or any proceedings of the Authority with respect thereto. To the knowledge of the Authority, there are no lawsuits or claims pending against the Authority which will materially impair its ability to pay principal of and interest on the 2020 Bonds when due.

Municipal Advisor

The Authority has retained Sperry Capital Inc., Sausalito, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the 2020 Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other securities public or otherwise.

Certain Legal Matters

All of the legal proceedings in connection with the authorization and issuance of the 2020 Bonds are subject to the approval of Nixon Peabody, LLP, Bond Counsel. Bond Counsel’s final approving opinions with respect to the 2020 Bonds will be substantially in the form set forth in Appendix D of this Official Statement. Nixon Peabody LLP serves as Disclosure Counsel in connection with the preparation of this Official Statement. Certain legal matters will also be passed upon for the Authority by its General Counsel. Certain legal matters will also be passed upon for the Underwriters, by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Underwriters’ Counsel.

2020 Tax-Exempt Bonds Tax Matters

Federal Income Taxes. The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the 2020 Tax-Exempt Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2020 Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2020 Tax-Exempt Bonds. Pursuant to the Indenture and the Tax Certificate, the Authority has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2020 Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority has made certain representations and certifications in the Indenture and the Tax

Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Authority described above, interest on the 2020 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the Authority in the Tax Certificate concerning the property financed with 2020 Tax-Exempt Bond proceeds, the investment and use of 2020 Tax-Exempt Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the Authority will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the 2020 Tax-Exempt Bonds from gross income under Section 103(a) of the Code in the event that any of such Authority representations are untrue or the Authority fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes. Bond Counsel is also of the opinion that interest on the 2020 Tax-Exempt Bonds is exempt from personal income taxes of the State of California under present State law. Bond Counsel expresses no opinion as to other California or local tax consequences arising with respect to the 2020 Tax-Exempt Bonds nor as to the taxability of the 2020 Tax-Exempt Bonds or the income therefrom under the laws of any state other than California.

Original Issue Discount. Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2020 Tax-Exempt Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the 2020 Tax-Exempt Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount 2020 Tax-Exempt Bond” and collectively the “Discount 2020 Tax-Exempt Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2020 Tax-Exempt Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount 2020 Tax-Exempt Bond and the basis of each Discount 2020 Tax-Exempt Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount 2020 Tax-Exempt Bonds, even though there will not be a corresponding cash payment. Owners of the Discount 2020 Tax-Exempt Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount 2020 Tax-Exempt Bonds.

Original Issue Premium. 2020 Tax-Exempt Bonds sold at prices in excess of their principal amounts are “Premium 2020 Tax-Exempt Bonds.” An initial purchaser with an initial adjusted basis in a Premium 2020 Tax-Exempt Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium 2020 Tax-Exempt Bond based on the purchaser’s yield to maturity (or, in the case of Premium 2020 Tax-Exempt Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium 2020 Tax-Exempt Bond, an initial purchaser who

acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium 2020 Tax-Exempt Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium 2020 Tax-Exempt Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium 2020 Tax-Exempt Bonds.

Ancillary Tax Matters. Ownership of the 2020 Tax-Exempt Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2020 Tax-Exempt Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2020 Tax-Exempt Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2020 Tax-Exempt Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix E. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2020 Tax-Exempt Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events. Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2020 Tax-Exempt Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2020 Tax-Exempt Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2020 Tax-Exempt Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2020 Tax-Exempt Bonds may occur. Prospective purchasers of the 2020 Tax-Exempt Bonds should consult their own tax advisors regarding the impact of any change in law on the 2020 Tax-Exempt Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2020 Tax-Exempt Bonds may affect the tax status of interest on the 2020 Tax-Exempt Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2020 Tax-Exempt Bonds, or the interest thereon, if any action is taken with respect to the 2020 Tax-Exempt Bonds or the proceeds thereof upon the advice or approval of other counsel.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2020 TAX-EXEMPT BONDS.

2020 Taxable Bonds Tax Matters

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the 2020 Taxable Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses 2020 Taxable Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such 2020 Taxable Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire 2020 Taxable Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the 2020 Taxable Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the 2020 Taxable Bonds.

The Authority has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders. As used in this section of the Official Statement, the term “U.S. Holder” means a beneficial owner of 2020 Taxable Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds 2020 Taxable Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds 2020 Taxable Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the 2020 Taxable Bonds.

Taxation of Interest Generally. Interest on the 2020 Taxable Bonds is not excluded from gross income for federal income tax purposes under Code Section 103 and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such 2020 Taxable Bonds. In general, interest paid on the 2020 Taxable Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the 2020 Taxable Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally. Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, the IRS issued proposed regulations which provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the 2019 Taxable Bonds should consult their own tax advisors regarding the potential applicability of these rules and their impact on the timing of the recognition of income related to the 2019 Taxable Bonds under the Code.

Original Issue Discount. The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of 2020 Taxable Bonds issued with original issue discount (“Discount 2020 Taxable Bonds”). A 2020 Taxable Bond will be treated as having been issued with original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the 2020 Taxable Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such 2020 Taxable Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A 2020 Taxable Bond’s “stated redemption price at maturity” is the total of all payments provided by the 2020 Taxable Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount 2020 Taxable Bond is the sum of the “daily portions” of original issue discount with respect to such Discount 2020 Taxable Bond for each day during the taxable year in which such holder held such 2020 Taxable Bond. The daily portion of original issue discount on any Discount 2020 Taxable Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount 2020 Taxable Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount 2020 Taxable Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount 2020 Taxable Bond at the beginning of any accrual period is the sum of the issue price of the Discount 2020 Taxable Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount 2020 Taxable Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the 2020 Taxable Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under “Recognition of Income Generally” above. Prospective purchasers of the 2019 Taxable Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the 2019 Taxable Bonds under the Code.

Market Discount. A holder who purchases a 2020 Taxable Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a 2020 Taxable Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

A holder of a 2020 Taxable Bond who acquires such 2020 Taxable Bond at a market discount also may be required to defer, until the maturity date of such 2020 Taxable Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a 2020 Taxable Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder’s gross income for the taxable year with respect to such 2020 Taxable Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2020 Taxable Bond for the days during the taxable year on which the owner held the 2020 Taxable Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2020 Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

Holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under “Recognition of Income Generally” above. Prospective purchasers of the 2019 Taxable Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the 2019 Taxable Bonds under the Code.

2020 Taxable Bond Premium. A holder of a 2020 Taxable Bond who purchases such 2020 Taxable Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all 2020 Taxable Bonds held by the holder on the first day of the taxable year to which the election applies and to all 2020 Taxable Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder’s yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond

premium that is applied to reduce interest payments. Purchasers of 2020 Taxable Bonds who acquire such 2020 Taxable Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such 2020 Taxable Bonds.

Surtax on Unearned Income. Section 1411 of the Code generally imposes a tax of 3.8 percent on the “net investment income” of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

Sale or Redemption of 2020 Taxable Bonds. A bondholder’s adjusted tax basis for a 2020 Taxable Bond is the price such holder pays for the 2020 Taxable Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such 2020 Taxable Bond other than “qualified stated interest” and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a 2020 Taxable Bond, measured by the difference between the amount realized and the bondholder’s tax basis as so adjusted, will generally give rise to capital gain or loss if the 2020 Taxable Bond is held as a capital asset (except in the case of 2020 Taxable Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a 2020 Taxable Bond are materially modified, in certain circumstances, a new debt obligation would be deemed “reissued”, or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of the 2020 Taxable Bonds under the defeasance provisions of the Indenture could result in a deemed sale or exchange of such 2020 Taxable Bond.

EACH POTENTIAL HOLDER OF 2020 TAXABLE BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OR DEFEASANCE OF THE 2020 TAXABLE BONDS, AND (2) THE CIRCUMSTANCES IN WHICH 2020 TAXABLE BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders. The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of 2020 Taxable Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “Non-U.S. Holder”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“FATCA”), payments of principal by the Authority or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10-percent or more of the voting equity interests of the Authority, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Authority (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Authority, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the 2020 Taxable Bonds must certify to the Authority or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or

successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Authority or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a 2020 Taxable Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a 2020 Taxable Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a 2020 Taxable Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the 2020 Taxable Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the 2020 Taxable Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, Bondholders or beneficial owners of the 2020 Taxable Bonds shall have no recourse against the Authority, nor will the Authority be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the 2020 Taxable Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the 2020 Taxable Bonds.

Information Reporting and Backup Withholding. For each calendar year in which the 2020 Taxable Bonds are outstanding, the Authority, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Authority, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the 2020 Taxable Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Authority, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under "– Non-U.S. Holders" above), or has otherwise established an exemption (provided that neither the Authority nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a 2020 Taxable Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a 2020 Taxable Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the 2020 Taxable Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes. Bond Counsel is also of the opinion that interest on the 2020 Taxable Bonds is exempt from personal income taxes of the State of California under present State law. Bond Counsel expresses no opinion as to other California or local tax consequences arising with respect to the 2020 Taxable Bonds nor

as to the taxability of the 2020 Taxable Bonds or the income therefrom under the laws of any state other than California.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2020 TAXABLE BONDS.

Changes in Law and Post Issuance Events. Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the 2020 Taxable Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2020 Taxable Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the 2020 Taxable Bonds. Prospective purchasers of the 2020 Taxable Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the 2019 Taxable Bonds.

Considerations for ERISA and Other U.S. Benefit Plan Investors. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“ERISA Plans”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“Qualified Retirement Plans”), and on Individual Retirement Accounts (“IRAs”) described in Section 408(b) of the Code (collectively, “Tax-Favored Plans”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) (“Governmental Plans”), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) (“Church Plans”), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law (“Similar Laws”) which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the 2020 Taxable Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties In Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the 2020 Taxable Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Authority were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of the Authority would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code if the Benefit Plan acquires an “equity interest” in the Authority and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the 2020 Taxable Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the 2020 Taxable Bonds, including the reasonable expectation of purchasers of 2020 Taxable Bonds that the 2020 Taxable Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the 2020 Taxable Bonds for ERISA purposes could change subsequent to issuance of the 2020 Taxable Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the 2020 Taxable Bonds or a characterization of the 2020 Taxable Bonds as other than indebtedness under applicable local law, the subsequent purchase of the 2020 Taxable Bonds or any interest therein by a Benefit Plan is prohibited.

However without regard to whether the 2020 Taxable Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of 2020 Taxable Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Authority or the Issuing and Paying Agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the 2020 Taxable Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a 2020 Taxable Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the 2020 Taxable Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a 2020 Taxable Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to (a) represent and warrant that either (i) it is not acquiring the 2020 Taxable Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the 2020 Taxable Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws, and (b) acknowledge and agree that a Benefit Plan may not purchase the 2020 Taxable Bonds (or any interest therein) at any time that the ratings on the 2020 Taxable Bonds are withdrawn or downgraded to below investment grade or the 2020 Taxable Bonds have been characterized as other than

indebtedness for applicable local law purposes. A purchaser or transferee who acquires 2020 Taxable Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

In addition, each purchaser and each transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) of a 2020 Taxable Bond that is a Benefit Plan is deemed to represent and warrant that: (a) the decision to acquire the 2020 Taxable Bonds was made by the plan fiduciary; (b) the plan fiduciary is independent of the Authority, Trustee, and Underwriters; (c) the plan fiduciary meets the requirements of 29 C.F.R. § 2510.3 21(c)(1) and specifically is either a bank as defined in Section 202 of the Investment Advisers Act of 1940 or similar institution that is regulated and supervised and subject to periodic examination by a U.S. state or U.S. federal agency; an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; an investment adviser registered under the Investment Advisers Act of 1940 or, if not registered as an investment adviser under the Investment Advisers Act by reason of paragraph(1) of Section 203A of the Investment Advisers Act, is registered as an investment adviser under the laws of the U.S. state in which it maintains its principal office and place of business; a broker dealer registered under the Exchange Act; or holds, or has under its management or control, total assets of at least \$50 million (provided that this clause shall not be satisfied if the plan fiduciary is an individual directing his or her own individual plan account or is a relative of such individual); (d) the plan fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions, and investment strategies, including the purchase or transfer of the 2020 Taxable Bonds; (e) the plan fiduciary is a “fiduciary” with respect to the plan within the meaning of Section (21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the acquisition, transfer or holding of the 2020 Taxable Bonds; (f) none of the Authority, Trustee, or Underwriters has exercised any authority to cause the Benefit Plan to invest in the 2020 Taxable Bonds or to negotiate the terms of the Benefit Plan’s investment in the 2020 Taxable Bonds; and (g) the plan fiduciary has been informed: (1) that none of the Authority, Trustee, or Underwriters are undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the plan’s acquisition or transfer of the 2020 Taxable Bonds and (2) of the existence and nature of the Authority’s, Trustee’s, or Underwriters’ financial interests in the Benefit Plan’s acquisition or transfer of the 2020 Taxable Bonds.

None of the Authority, Trustee, or Underwriters is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the acquisition or transfer of the 2020 Taxable Bonds by any Benefit Plan.

Because the Authority, Trustee, Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the 2020 Taxable Bonds, the purchase of the 2020 Taxable Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of 2020 Taxable Bonds using plan assets of a Benefit Plan should consult with its counsel if the Authority, the Trustees or the Underwriters or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the 2020 Taxable Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of

Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

Continuing Disclosure

The Authority has undertaken for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the Authority and other data relating to the Former State Owned Parcels not later than nine months after the close of each fiscal year (which currently would be by March 31 each year based upon the June 30 end of fiscal year), commencing with the report for the 2018-19 fiscal year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices will be filed by the Authority or its Dissemination Agent on behalf of the Authority, with the Municipal Securities Rulemaking Board (“MSRB”). The specific nature of the information to be contained in the Annual Report or the notices of events is set forth in “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” This undertaking has been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the “Rule”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

A failure by the Authority to comply with the provisions of the Continuing Disclosure Certificate is not an event of default under the Indenture (although the holders and beneficial owners of the 2020 Bonds do have remedies at law and in equity). However, a failure to comply with the provisions of the Continuing Disclosure Certificate must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2020 Bonds. Therefore, a failure by the Authority to comply with the provisions of the Continuing Disclosure Certificate may adversely affect the marketability of the 2020 Bonds on the secondary market.

The Authority has not previously obligated itself to an undertaking pursuant to the Rule.

Miscellaneous

All summaries of the Dissolution Act, the Redevelopment Law, Indenture, the Redevelopment Plans and other applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

TRANSBAY JOINT POWERS AUTHORITY

By: _____
Executive Director

APPENDIX A
FISCAL CONSULTANT REPORT

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED [JUNE 30, 2018]**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE

APPENDIX D
FORM OF BOND COUNSEL OPINIONS

Upon issuance and delivery of the 2020 Bonds, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority does not take any responsibility for the accuracy thereof. The Authority gives no assurances that (i) DTC, the Direct and Indirect Participants or others will distribute payments of principal, premium (if any) or interest with respect to the 2020 Bonds paid to DTC or its nominee as the registered owner, to the Beneficial Owners, (ii) such entities will distribute redemption notices or other notices, to the Beneficial Owners, or (iii) an error or delay relating thereto will not occur.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 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 2020 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 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 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 2020 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 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMD Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any) and interest payments on the 2020 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 upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any) and interest payments with respect to the 2020 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2020 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2020 Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

APPENDIX G
SPECIMEN BOND INSURANCE POLICY