



SamTrans Board of Directors – Finance Committee
Meeting of February 5, 2025

Supplemental Reading File for Item 10.b.3. Approving 2025 Debt Refinancing and Authorizing Issuance of San Mateo County Transit District Limited Tax Bonds: Approving Forms, Authorizing Execution and Delivery Thereof; Amending and Restating Debt Policy and the Continuing Disclosure Policy, and Completing Associated Disclosure Training

Subject

1. Indenture of Trust between San Mateo County Transit District and U.S. Bank Trust Company, National Association, as Trustee – Dated as March 1, 2025
2. First Supplemental Indenture of Trust between San Mateo County Transit District and U.S. Bank Trust Company, National Association, as Trustee – Relating to San Mateo County Transit District, Limited Tax Bonds, Refunding 2015 Series A – Dated as March 1, 2025
3. Escrow Agreement between San Mateo County Transit District and U.S. Bank Trust Company, National Association, as Trustee – Dated as March 1, 2025 – Relating to San Mateo County Transit District, Limited Tax Bonds, Refunding 2015 Series A
4. Bond Purchase Agreement - Relating to San Mateo County Transit District, Limited Tax Bonds, Refunding 2025 Series A
5. Preliminary Official Statement
6. Continuing Disclosure Agreement
7. Amended and Restated San Mateo County Transit District Debt Policy
8. Amended and Restated Statement of Continuing Disclosure Policy

INDENTURE OF TRUST

between

SAN MATEO COUNTY TRANSIT DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

as Trustee

Dated as of March 1, 2025

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS; EQUALITY OF SECURITY; CONTENT OF CERTIFICATES AND OPINIONS	2
SECTION 1.01 Definitions	2
SECTION 1.02 Equality of Security	22
SECTION 1.03 Content of Certificates and Opinions	23
ARTICLE II SENIOR LIEN BONDS	23
SECTION 2.01 Authorization of Senior Lien Bonds.....	23
SECTION 2.02 Terms of the Senior Lien Bonds.....	23
SECTION 2.03 Form of Senior Lien Bonds	24
SECTION 2.04 Execution and Authentication of Senior Lien Bonds	24
SECTION 2.05 Transfer of Senior Lien Bonds	25
SECTION 2.06 Exchange of Senior Lien Bonds	25
SECTION 2.07 Bond Register for Senior Lien Bonds	25
SECTION 2.08 Temporary Senior Lien Bonds	25
SECTION 2.09 Senior Lien Bonds Mutilated; Lost; Destroyed or Stolen	26
SECTION 2.10 Use of Securities Depository	26
ARTICLE III ISSUANCE OF SENIOR LIEN DEBT	28
SECTION 3.01 Issuance of Senior Lien Bonds	28
SECTION 3.02 Issuance of Additional Senior Lien Bonds	28
SECTION 3.03 Proceedings for Issuance of Additional Senior Lien Bonds.....	29
SECTION 3.04 Issuance of Refunding Senior Lien Bonds	29
SECTION 3.05 Issuance of Senior Lien Obligations.....	31
SECTION 3.06 Application of Proceeds	32
SECTION 3.07 Credit Enhancement; Liquidity Facility	32
SECTION 3.08 Applicability of Provisions to Short-Term Borrowing Programs	32
ARTICLE IV REDEMPTION, TENDER AND PURCHASE OF SENIOR LIEN BONDS	32
SECTION 4.01 Terms of Redemption, Tender and Purchase	32
SECTION 4.02 Notice of Redemption.....	32
SECTION 4.03 Partial Redemption of Senior Lien Bonds.....	32
SECTION 4.04 Effect of Redemption	33
ARTICLE V SUBORDINATE OBLIGATIONS AND JUNIOR OBLIGATIONS	33
SECTION 5.01 Subordinate and Junior Obligations	33
SECTION 5.02 Issuance of Subordinate Obligations	33
SECTION 5.03 Junior Obligations	33
SECTION 5.04 Applicability of Provisions to Short-Term Borrowing Programs	33
ARTICLE VI REVENUES.....	34
SECTION 6.01 Pledge of Sales Tax Revenues; Sales Tax Revenue Fund.....	34
SECTION 6.02 Allocation of Revenues in Sales Tax Revenue Fund	35
SECTION 6.03 Establishment and Application of Senior Lien Debt Service Fund.....	37

TABLE OF CONTENTS
(continued)

	<u>Page</u>
SECTION 6.04 Establishment and Application of Subordinate Obligations Fund	37
SECTION 6.05 Establishment and Application of Junior Obligations Fund.....	38
SECTION 6.06 Payment Provisions Applicable to Interest Rate Swap Agreements	38
SECTION 6.07 Investment by the Issuer	38
SECTION 6.08 Investment by the Trustee	38
ARTICLE VII OTHER FUNDS AND ACCOUNTS	40
SECTION 7.01 Establishment and Application of Senior Lien Bonds Project Fund	40
SECTION 7.02 Establishment and Application of Senior Lien Bonds Costs of Issuance Fund	40
SECTION 7.03 Establishment and Application of Senior Lien Reserve Funds	40
SECTION 7.04 Establishment and Application of Subordinate Obligations Reserve Funds	40
SECTION 7.05 Establishment and Application of Junior Obligations Reserve Funds	41
SECTION 7.06 Establishment of Initial Funds and Accounts; Additional Funds and Accounts	41
ARTICLE VIII COVENANTS OF THE ISSUER.....	41
SECTION 8.01 Punctual Payment	41
SECTION 8.02 Collection of Sales Tax Revenues	42
SECTION 8.03 Maintenance of Powers	42
SECTION 8.04 No Adverse Action	42
SECTION 8.05 Waiver of Laws	43
SECTION 8.06 Tax Covenants Relating to Tax-Exempt Senior Lien Bonds	43
SECTION 8.07 Further Assurances	43
SECTION 8.08 Compliance with Ordinance	43
ARTICLE IX EVENTS OF DEFAULT AND REMEDIES	44
SECTION 9.01 Senior Lien Events of Default	44
SECTION 9.02 Subordinate Obligations and Junior Obligations Events of Default	44
SECTION 9.03 Application of the Revenues and Other Funds After Default	45
SECTION 9.04 Trustee to Represent Holders	46
SECTION 9.05 Direction of Proceedings	47
SECTION 9.06 Limitation on Right to Sue	47
SECTION 9.07 Absolute Obligation of the Issuer.....	48
SECTION 9.08 Termination of Proceedings	48
SECTION 9.09 Remedies Not Exclusive.....	49
SECTION 9.10 No Waiver of Default	49
ARTICLE X THE TRUSTEE	49
SECTION 10.01 Appointment: Duties, Immunities and Liabilities of Trustee	49
SECTION 10.02 Merger or Consolidation	50
SECTION 10.03 Liability of Trustee.....	50

TABLE OF CONTENTS
(continued)

	<u>Page</u>
SECTION 10.04 Right of Trustee to Rely on Documents.....	52
SECTION 10.05 Compensation and Indemnification of Trustee.....	53
ARTICLE XI MODIFICATION OR AMENDMENT OF THIS INDENTURE.....	54
SECTION 11.01 Amendments Permitted.....	54
SECTION 11.02 Effect of Supplemental Indenture	56
SECTION 11.03 Endorsement of Indenture Obligations; Preparation of New Indenture Obligations	57
SECTION 11.04 Amendment of Particular Indenture Obligation.....	57
ARTICLE XII DEFEASANCE OF SENIOR LIEN BONDS	57
SECTION 12.01 Discharge of Indenture.....	57
SECTION 12.02 Discharge of Liability on Senior Lien Bonds	58
SECTION 12.03 Deposit of Money or Securities	58
SECTION 12.04 Payment of Senior Lien Bonds After Discharge of Indenture	59
SECTION 12.05 Applicability to Senior Lien Obligations	59
ARTICLE XIII.....	60
DEFEASANCE OF SUBORDINATE OBLIGATIONS AND JUNIOR OBLIGATIONS.....	60
SECTION 13.01 Payment of Subordinate Obligations	60
SECTION 13.02 Discharge of Liability on a Subordinate Obligation	60
SECTION 13.03 Deposit of Money or Securities with Trustee	60
SECTION 13.04 Payment of Subordinate Obligation After Discharge of Indenture.....	61
SECTION 13.05 Payment of Junior Obligations.....	61
ARTICLE XIV SUBORDINATION PROVISIONS	62
SECTION 14.01 Agreement to Subordinate	62
SECTION 14.02 Subordinated Pledge of Revenues.....	62
SECTION 14.03 Liquidation; Dissolution; Bankruptcy.....	62
SECTION 14.04 Relationship Upon Default of Senior Lien Debt, Subordinate Obligations and Junior Obligations	63
SECTION 14.05 When Distribution Must be Paid Over.....	63
SECTION 14.06 Limitation on Exercise of Remedies.....	63
SECTION 14.07 Subordination May Not Be Impaired by Trustee, Issuer or Holder.....	63
SECTION 14.08 Distribution or Notice	63
ARTICLE XV MISCELLANEOUS.....	64
SECTION 15.01 Liability of Issuer Limited to Revenues.....	64
SECTION 15.02 Successor Is Deemed Included in All References to Predecessor	64
SECTION 15.03 Limitation of Rights to Specified Parties.....	64
SECTION 15.04 Reserved.....	64
SECTION 15.05 Waiver of Notice.....	64
SECTION 15.06 Destruction or Delivery of Canceled Bond, Subordinate Obligation or Junior Obligation.....	64

TABLE OF CONTENTS
(continued)

	<u>Page</u>
SECTION 15.07 Severability of Invalid Provisions	64
SECTION 15.08 Notices	65
SECTION 15.09 Evidence of Rights of Holders	65
SECTION 15.10 Disqualified Indenture Obligations	66
SECTION 15.11 Money Held for Particular Indenture Obligation	66
SECTION 15.12 Funds and Accounts	67
SECTION 15.13 Article and Section Headings and References	67
SECTION 15.14 Waiver of Personal Liability	67
SECTION 15.15 Governing Law	67
SECTION 15.16 Business Day	67
SECTION 15.17 Effective Date of Indenture	67
SECTION 15.18 Execution in Counterparts	67

INDENTURE OF TRUST

This **INDENTURE OF TRUST**, dated as of March 1, 2025 (this “**Indenture**”), is between the **SAN MATEO COUNTY TRANSIT DISTRICT**, a public transit district duly organized and existing pursuant to the laws of the State of California (including its successors and assigns, the “**Issuer**,” or the “**District**”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (including its successors and assigns, the “**Trustee**”).

W I T N E S E T H:

WHEREAS, the Issuer is a public transit district of the State of California duly organized and existing pursuant to the San Mateo County Transit District Act, constituting Part 15 of Division 10 of the Public Utilities Code of the State of California (as more fully defined in Section 1.02 hereof, the “**Law**”); and

WHEREAS, on July 22, 1981 in accordance with Article 10 of Chapter 5 of the Law and of Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, the Board of Directors of the Issuer adopted an ordinance (as more fully defined in Section 1.02 hereof, the “**Ordinance**”) establishing a retail transactions and use tax (as more fully defined in Section 1.02 hereof, the “**Sales Tax**”) at the rate of one-half of one percent (1/2%) applicable in the Issuer, which includes all the incorporated and unincorporated territory within the County of San Mateo (the “**County**”); and

WHEREAS, pursuant to the terms of the Ordinance, the Sales Tax was imposed in the Issuer effective July 1, 1982 and does not expire; and

WHEREAS, pursuant to the Law, the Issuer is authorized to issue bonds from time to time payable from the proceeds of the Sales Tax for such purposes as are set forth in Section 103282 of the Law (as described in Section 1.02 hereof, the “**Project**”), which bonds shall be referred to as limited tax bonds and shall be secured by and payable from, receipts of the Sales Tax (as more fully defined in Section 1.02 hereof, the “**Sales Tax Revenues**”), all as authorized by and provided in, Article 10 of Chapter 5 of the Law; and

WHEREAS, in order to establish the validity of the San Mateo County Transit District Limited Tax Bonds, 1990 Series A, which were issued pursuant to an Indenture, dated as of December 1, 1990, between the District and Bank of America National Trust and Savings Association, as trustee, the District brought a validation action to establish the validity of the Sales Tax and certain related matters, which validation action resulted in a default judgment entered in favor of the District on August 18, 1989; and

WHEREAS, the Issuer is authorized to issue from time to time indebtedness payable in whole or in part from revenues of the Sales Tax; and

WHEREAS, the Issuer is expected to provide for the issuance of a Series of Senior Lien Bonds (each as defined herein), which shall be secured by and payable from Sales Tax Revenues on a parity with any Senior Lien Obligations (as defined herein) and on a basis senior to other

Subordinate Obligations (as defined herein) and any Junior Obligations (as defined herein) issued from time to time; and

WHEREAS, the Issuer has determined to issue the Series of Senior Lien Bonds to refund the outstanding San Mateo County Transit District Limited Tax Bonds, Refunding 2015 Series A pursuant to the First Supplemental Indenture (as defined herein); and

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

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and interest on all Senior Lien Bonds at any time issued, authenticated and delivered hereunder; the payment of other Senior Lien Obligations at any time incurred in accordance herewith; the payment of Loan Debt Service, Lender Fees and Expenses, and any other Subordinate Obligations at any time incurred in accordance herewith, and the payment any Junior Obligations at any time incurred in accordance herewith; and to provide the terms and conditions under which all property, rights and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, covenants and conditions herein and in the Senior Lien Bonds, and in consideration of the premises and material covenants herein contained, and for other valuable consideration, the receipt of which is hereby acknowledged, the Issuer does hereby agree and covenant with the Trustee, for the benefit of the respective Holders from time to time of Senior Lien Debt, Subordinate Obligations and Junior Obligations, as follows:

ARTICLE I
DEFINITIONS; EQUALITY OF SECURITY;
CONTENT OF CERTIFICATES AND OPINIONS

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

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

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

“Accrued Senior Lien Interest” means, for any current or future calendar month, the amount of interest which has accrued or will accrue on a Series of Senior Lien Bonds and Senior Lien Obligations during that month, less any interest which accrues during such period but for which a separate fund or account has been established and into which have been deposited moneys, Defeasance Securities or Investment Securities which, with the earnings thereon, will be sufficient to pay such interest and which fund has been established for the purpose of paying such interest and which fund is irrevocably pledged to the payment of such interest and held by the Trustee. With respect to Senior Lien Bonds or Senior Lien Obligations (i) bearing an interest rate which will or may fluctuate from the date of calculation to the end of such calendar month or (ii) coupled with an Interest Rate Swap Agreement in effect on the date of calculation, interest after the calculation date, for purposes of calculating Accrued Senior Lien Interest for such month, will be assumed to accrue at a rate equal to the Maximum Rate identified in the Supplemental Indenture pursuant to which such Senior Lien Bonds or Senior Lien Obligations were issued. For any prior calendar month, “Accrued Senior Lien Interest” shall mean the actual amount of interest which has accrued on Series of Senior Lien Bonds or Senior Lien Obligations during that month. With respect to Senior Lien Bonds issued as Capital Appreciation Bonds, the interest accruing thereon shall be treated as an accretion of principal not includable as Accrued Senior Lien Interest.

“Accrued Senior Lien Premium” means, with respect to any Senior Lien Bonds or Senior Lien Obligations which are to be redeemed or otherwise prepaid, the full amount of the premium or prepayment penalty imposed as a condition of such redemption or prepayment. The full amount of such premium or penalty will be deemed to accrue in the calendar month in which notice of the redemption or prepayment is given by the Issuer to the Trustee.

“Accrued Senior Lien Principal” means, with respect to any current or future calendar month, the amount of principal and Accreted Value which has matured or will mature on Senior Lien Debt during that month less any principal and Accreted Value which matures during such period but for which a separate fund or account has been established and into which have been deposited moneys, Defeasance Securities or Investment Securities which, with the earnings thereon, will be sufficient to pay such principal and Accreted Value and which fund is irrevocably pledged to the payment of such principal and Accreted Value and held by the Trustee. For purposes of this definition, it shall be assumed that for any payment of principal or Accreted Value, principal and Accreted Value commences to mature on the later of (i) the date of issue of the Senior Lien Debt or (ii) one year prior to the payment date (unless principal and Accreted Value is payable more frequently than annually, in which case, principal and Accreted Value will, for the first payment, be assumed to mature from the later of the date of issuance or one year prior to the first payment date and thereafter principal and Accreted Value will mature from the date of each principal payment of principal or Accreted Value) and principal and Accreted Value shall be assumed to accrue in equal monthly installments during each calendar month or portion of any calendar month occurring from the time of commencement of such maturity to the payment date.

“Aggregate Accrued Senior Lien Interest” means, for any calendar month, the sum of the Accrued Senior Lien Interest for all Senior Lien Debt.

“Aggregate Accrued Senior Lien Principal” means, for any calendar month, the sum of the Accrued Senior Lien Principal for all Senior Lien Debt.

“Annual Debt Service” means, for any Fiscal Year, the aggregate amount (without duplication) of principal and interest on all Senior Lien Debt and/or Subordinate Obligations, as applicable to the calculations required hereunder, becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Debt Service. For the avoidance of doubt, Lender Fees and Expenses shall not be included as “Annual Debt Service” for purposes of the calculations required hereunder.

“Assumed Debt Service” means, for any Fiscal Year, the aggregate amount of principal and interest which would be payable on Senior Lien Debt and/or Subordinate Obligations, as applicable, if each Excluded Principal Payment were amortized on a substantially level debt service basis or other amortization schedule provided by the Issuer for a period commencing on the date of calculation of such Assumed Debt Service and ending on the earlier of the date specified by the Issuer, such Assumed Debt Service to be calculated on a level debt service basis or other amortization schedule provided by the Issuer, based on a fixed interest rate equal to the rate at which the Issuer could borrow for such period, as set forth in a certificate of the Issuer, delivered to the Trustee, who may rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation.

“Authorized Representative” means the Chair of the Board of Directors of the Issuer, the Vice Chair of the Board of Directors, the General Manager and CEO of the Issuer, the Chief Financial Officer of the Issuer, or any other person designated to act on behalf of the Issuer and who has been identified in a Certificate of the Issuer delivered to the Trustee, and whose signature has likewise been certified to the Trustee. If a designation of the Issuer applies with respect to a Credit Agreement, a copy of such Certificate of the Issuer shall be delivered to the applicable Lender.

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

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

“Bond Counsel” means such firm or firms of national standing in the field of public finance as is selected by the Issuer.

“Bond Obligation” means, as of any given date of calculation, (i) with respect to any Outstanding Current Interest Bond, the principal amount of such Senior Lien Bond, Subordinate Obligations, or Junior Obligations, as applicable and (ii) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof.

“Bond Register” has the meaning given to such term in Section 3.07 hereof.

“Business Day” means any day other than: (i) a Saturday or Sunday; or (ii) day upon which banking institutions in San Francisco, California or New York, New York are required or

authorized by law to be closed; or (iii) for purposes of payments and other actions relating to Senior Lien Bonds, Subordinate Obligations or Junior Lien Obligations secured by a Credit Enhancement or supported by a Liquidity Facility, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the Credit Enhancement or Liquidity Facility, as applicable, are to be presented are authorized or obligated by law or executive order to be closed; or (iv) a day on which the New York Stock Exchange is closed.

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

“CDTFA” means the California Department of Tax and Fee Administration or any State agency or that succeeds to, and is vested with, its duties, powers and responsibilities with respect to the collection of sales taxes on behalf of the Issuer and deposit of the Sales Tax Revenues with the Trustee.

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

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

“Consultant” means any accountant, attorney, consultant, financial advisor or investment banker, or firm thereof, retained by the Issuer to perform acts and carry out the duties provided for such Consultant in this Indenture. Such accountant, attorney, consultant, financial advisor or investment banker, or firm thereof, shall be nationally recognized within its profession for work of the character required.

“Corporate Trust Office” or **“corporate trust office”** means, with respect to the Trustee, the corporate trust office of the Trustee at One California Street, Suite 1000, San Francisco, California 94111, Attention: Global Corporate Trust, or such other or additional offices as may be designated in writing by the Trustee to the Issuer.

“Costs” when used with respect to a Project or Projects (or portion of a Project or Projects) shall mean all costs of construction, acquisition or improvement of such Project or Projects or portion thereof, including all costs and estimated costs incidental to, or connected with, the accomplishment of those purposes, as permitted by the Law and the Ordinance.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Issuer and related to the authorization, issuance, sale, execution and delivery of the applicable Senior Lien Bonds, Senior Lien Obligations, Subordinate Obligations or Junior Obligations and related documents, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the applicable bonds or obligations and such documents, the initial fees, expenses and charges of the Trustee with respect to such bonds or obligations, Bond Counsel, counsel to the lender, purchaser and/or underwriter, and other legal fees and charges, fees and disbursements of consultants and professionals, including municipal advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of any bond or note, surety, insurance, liquidity and credit enhancements costs, including fees and expenses payable to a lender, purchaser and/or underwriter (including fees and expenses payable to the Lender under the Credit Agreement), and any other cost, charge or fee in connection with the issuance or incurrence of such bonds or obligations.

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

“County” means the County of San Mateo, California.

“Credit Agreements” means all credit agreements between the Issuer and a Lender or Lenders pursuant to which the Issuer borrows Loans thereunder that are repaid in whole or in part by Sales Tax Revenues and the Loan Debt Service and (unless the related Supplemental Indenture provides that they shall constitute [Senior Lien Obligations or] Junior Obligations) fees and expenses under which constitute Subordinate Obligations.

“Credit Agreement Obligations” means “Obligations,” as such term is defined in the applicable Credit Agreement or Credit Agreements.

“Credit Enhancement” means, with respect to a Series of Senior Lien Bonds, a Series of Subordinate Obligations, or a Series of Junior Obligations, any Insurance, letter of credit, line of credit, surety bond or other instrument, if any, which secures or guarantees the payment of principal of and interest on a Series of Senior Lien Bonds, a Series of Subordinate Obligations or a Series of Junior Obligations issued by an insurance company, commercial bank or other financial institution, and delivered or made available to the Trustee, as from time to time supplemented or amended pursuant to its terms.

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

“Current Interest Bond” means the Senior Lien Bonds of any Series, Subordinate Obligations of any Series, or Junior Obligations of any Series, not designated as Capital

Appreciation Bonds and that pay interest to the Holders thereof on a periodic basis prior to maturity.

“Debt Service,” when used with respect to any Senior Lien Debt and/or Subordinate Obligations, as applicable to the calculations required hereunder means, as of any date of calculation and with respect to any Fiscal Year, the sum of (1) the interest becoming due and payable on such Indenture Obligations during such Fiscal Year and (2) the principal or Mandatory Sinking Account Payments required with respect to such Indenture Obligations during such Fiscal Year; computed on the assumption that no portion of such Indenture Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such computation:

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

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

(C) (i) if any Tax-Exempt Indenture Obligations bear, or if any Tax-Exempt Indenture Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place, the interest rate on such Tax-Exempt Indenture Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to a rate as shall be specified in a related Supplemental Indenture or in an Officer’s Certificate in connection with the issuance of any Series of Tax-Exempt Indenture Obligations, and (ii) if any Taxable Indenture Obligations bear, or if any Taxable Indenture Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place, the interest rate on such Taxable Indenture Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to a rate as shall be specified in a related Supplemental Indenture or in an Officer’s Certificate in connection with the issuance of any Series of Taxable Indenture Obligations;

(D) with respect to any Indenture Obligations bearing interest, or expected to bear interest, at a variable interest rate for which an Interest Rate Swap Agreement is in place providing for a fixed rate of interest to maturity or for a specific term with respect to such Indenture Obligations, the interest rate on such Indenture Obligations shall be assumed to be the synthetic fixed interest rate specified in such Interest Rate Swap Agreement for such term; provided that if, pursuant to a Certificate of the Issuer filed with the Trustee, the sum of (i) interest payable on such Indenture Obligations, plus (ii) amounts payable by the Issuer under such Interest Rate Swap Agreement, less (iii) amounts receivable by the Issuer under such Interest Rate Swap Agreement, is expected to be greater than the interest payable on the Indenture Obligations to which such

Interest Rate Swap Agreement relates (i.e., if such Interest Rate Swap Agreement is an “off-market” Interest Rate Swap Agreement), then, in such instance, such excess amounts payable by the Issuer under such Interest Rate Swap Agreement shall be included in the calculation of Debt Service;

(E) with respect to any Indenture Obligations bearing interest, or expected to bear interest, at a fixed interest rate for which an Interest Rate Swap Agreement is in place providing for a net variable interest rate with respect to such Indenture Obligations for a specific term, the interest rate on such Indenture Obligations shall be assumed to be equal for such term to the sum of (i) the fixed interest rate or rates to be paid on the Indenture Obligations, minus (ii) the fixed interest rate receivable by the Issuer under such Interest Rate Swap Agreement, plus (iii) the average interest rate of the index on which the Interest Rate Swap Agreement is based, as identified in a Certificate of the Issuer, or, if not based on an identifiable index, then the SIFMA Swap Index, and, if such Obligation is a Taxable Indenture Obligation, then such higher rate as shall be specified in a Certificate of the Issuer in connection with the issuance of such Indenture Obligations;

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

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

(H) with respect to Indenture Obligations bearing interest that is subject to a federal subsidy and such subsidy is not included as Revenues but instead is applied directly to offset the interest due on such Indenture Obligations, the interest rate on such Indenture Obligations shall be assumed to be the rate net of such subsidy, all as set forth in the applicable Supplemental Indenture relating to such Indenture Obligations;

(I) if the Indenture Obligations are Paired Obligations, the interest rate on such Indenture Obligations shall be the resulting linked rate or effective fixed interest rate to be paid by the Issuer with respect to such Paired Obligations; and

(J) for any commercial paper program, revolving credit facility (including the Credit Agreements) or other facility or program that allows borrowing and reborrowing over time (a “Revolving Facility”), (i) the maximum authorized amount under any Revolving Facility shall be used for the purpose of calculating Debt Service with respect to such Revolving Facility for purposes of the coverage tests in Section 3.02(c) (for additional Senior Lien Debt) and Section

5.02(a)(iii) for Subordinate Obligations); (ii) principal and interest payments under such Revolving Facility shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation in their place; and (iii) such a program or facility shall be treated as being “issued” for purposes of Sections 3.02(a)-(c), 3.03, 3.04, 3.05(b) and (c) (for additional Senior Lien Debt and Section 5.02(a) and 5.03 for Subordinate Obligations) only on the date on which the Revolving Facility is established or the date that the maximum authorized principal amount under such Revolving Facility is increased (and with respect to any increase, only as to the amount of such increase).

“Defeasance Securities” means: (i) direct, non-callable obligations of the United States Treasury, (ii) direct non-callable and non-prepayable obligations which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest,, (iii) non-callable and non-prepayable refunded bonds that are obligations of the United States of America; (iv) Resolution Funding Corporation (REFCORP) bonds and strips; (v) non-callable, and non-prepayable fixed rate Israel Notes guaranteed as to principal and interest by the United States of America through the United Agency for International Development (provided that, such notes are “Aaa”-rated and mature at least four business days before funds are needed for refunded bond debt service payments); (vi) United States Treasury Securities — State and Local Government Series (SLGS); (vii) the following non-callable, non-prepayable obligations of federal government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration (provided such entities maintain a rating of “Aaa”); and (viii) any pre-refunded municipal security that is non-callable or has been irrevocably called for redemption and is rated “Aaa” at the time of deposit, which carries a fixed interest rate and matures or is to be redeemed on a date certain and is secured by an escrow containing securities listed in (i) through (vii) above.

“Event of Default” means a Senior Lien Event of Default or a Subordinate Obligations Event of Default or a Junior Obligation Event of Default.

“Excluded Principal Payment” means each payment of principal of Senior Lien Debt or Subordinate Obligations in whatever form issued, including, without limitation, the Credit Agreements, commercial paper, balloon indebtedness or bond anticipation notes, which the Issuer determines (in a Certificate of the Issuer) that the Issuer intends to pay with moneys (a) that are not Revenues (such as (i) the proceeds of future debt obligations of the Issuer, (ii) grants or loans from the State or federal government, or any agency or instrumentality thereof, or (iii) any other source of funds of the Issuer) or (b) that have been or will be transferred to the Issuer in accordance with the last paragraph of Section 6.02, upon which determination of the Issuer the Trustee may conclusively rely. No such determination shall affect the security for such Senior Lien Debt or Subordinate Obligations or the obligation of the Issuer to pay such payments from Revenues or amounts on deposit in any debt service reserve fund established under a Supplemental Indenture with respect to any such Senior Lien Debt or Subordinate Obligations.

“First Supplemental Indenture” means the First Supplemental Indenture of Trust, dated March 1, 2025, between the Issuer and the Trustee.

“Fiscal Year” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the Issuer designates as its fiscal year.

“Fitch” means Fitch Ratings, and its successors and assigns, except that if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Issuer (other than Moody’s or S&P or Kroll).

“Holder” or **“Owner”** means, whenever used herein with respect to any Indenture Obligation, the person in whose name such Indenture Obligation is registered, or if such Indenture Obligation is identified in the Supplemental Indenture pursuant to which it is issued or incurred as not being in registered form, the term shall have the meaning given to it in such Supplemental Indenture.

“Indebtedness” means at any date and without duplication, (i) all obligations of the Issuer for borrowed money, and all obligations of the Issuer evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (ii) all direct or contingent obligations of the Issuer arising under letters of credit, bankers’ acceptances, bank guaranties, surety bonds and similar instruments, (iii) Capital Lease Obligations, (iv) all obligations of the Issuer to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (v) all indebtedness of others secured by a lien on any asset of the Issuer, whether or not such indebtedness is assumed by the Issuer, (vi) all indebtedness of others guaranteed by, or secured by any of the revenues or assets of, the Issuer, and (vii) all payment obligations of the Issuer under any Swap Contract. For purposes of this definition, “Capital Lease Obligations” of the Issuer means the obligations of the Issuer to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of the Issuer under generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Issuer applied by the Issuer on a basis consistent with the Issuer’s most recent audited financial statements, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with such generally accepted accounting principles. For purposes of this definition, “Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such

master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Indenture” means this Indenture of Trust, between the Issuer and the Trustee, as originally executed and as it may from time to time be amended or supplemented by any Supplemental Indenture delivered pursuant to the provisions of Section 11.01 hereof.

“Indenture Obligations” means any Senior Lien Debt, Subordinate Obligations or Junior Obligations Outstanding or with respect to which any amounts are owed, and, for the avoidance of doubt, includes Credit Agreement Obligations.

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

“Insurer” means any provider of Insurance with respect to a Series of Senior Lien Bonds or Subordinate Obligations.

“Interest Rate Swap Agreement” means an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security, however denominated, entered into between the Issuer and a Counterparty, in connection with or incidental to, the issuance or carrying of Senior Lien Bonds, Subordinate Obligations or Junior Lien Obligations, including, without limitation, an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security entered into in advance of the issuance of Senior Lien Bonds, Subordinate Obligations or Junior Lien Obligations and designated by the Issuer in a Certificate or Supplemental Indenture as a Senior Lien Obligation, Subordinate Obligations or Junior Lien Obligation; provided, however, that no such Interest Rate Swap Agreement shall have a notional amount greater than the Outstanding principal amount of the Senior Lien Bonds, Subordinate Obligations or Junior Lien Obligations to which such Interest Rate Swap Agreement relates.

“Investment Securities” means the following, so long as permitted by applicable law:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America and including strips of bonds issued by the Resolution Funding Corporation;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) obligations, participations, or other instruments of, issued by, or fully guaranteed as to principal and interest by, the Federal Farm Credit System, Federal Home Loan Banks, the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, the Resolution

Funding Corporation, the Federal National Mortgage Association, or in guaranteed portions of Small Business administration notes or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise;

(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state of the United States of America or any political subdivision thereof or any agency or department of the foregoing, including obligations payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or political subdivision; provided that such obligations are rated in either of the three highest Rating Categories by any Rating Agency;

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or other obligations for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii), which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate;

(vii) Bankers' Acceptances issued by domestic or domestic branches of foreign banks, the short-term paper of which is rated in the highest category by any Rating Agency;

(viii) time deposits or non-negotiable certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such bank, trust company, national banking association or branch shall be located in California that has received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code; provided that such certificates of deposit shall be purchased directly from such bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2)

continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(ix) negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union or by a state-licensed branch of a foreign bank.

(x) commercial paper of “prime” quality rated “A-1” or higher, or equivalent by any Rating Agency;

(xi) U.S. dollar-denominated corporate notes, bonds, or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity rated in a Rating Category of “A” or better by any Rating Agency;

(xii) any repurchase agreement not to exceed one year duration with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee or any of its affiliates) having a minimum permanent capital of seventy-five million dollars (\$75,000,000) or with a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least weekly) at least equal to one hundred and two percent (102%) of the amount of such investment and which shall be lodged with the Trustee or other fiduciary, as custodian, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to one hundred two percent (102%) of the principal and interest amount of each such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking (since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements will be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day);

(xiii) any savings account or money market account with any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee or any of its affiliates) or by a state licensed branch of any foreign bank that has received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities, including low- and moderate-income neighborhoods,

pursuant to Section 2906 of Title 12 of the United States Code; provided that such account shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully collateralized as specified under State Government Code Section 53630, *et. seq.*;

(xiv) any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (xii) of this definition of Investment Securities and any money market fund including money market funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (xii) of this definition of Investment Securities; provided that as used in this clause (xiv) investments will be deemed to satisfy the requirements of clause (xii) if they meet the requirements set forth in clause (xii) ending with the words “clauses (i), (ii), (iii) or (iv) above” and without regard to the remainder of such clause (xii);

(xv) any certificate of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States as permitted by State Government Code Section 53801.8, provided that the full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation and the maximum investment maturity will be no more than five years;

(xvi) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (i) through (xiii) of this definition of Investment Securities and which companies have either the highest rating by at least two Rating Agencies or have an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years’ experience investing in such securities and obligations and with assets under management in excess of \$500,000,000;

(xvii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of the Government Code of the State of California, as it may be amended from time to time, including the California Asset Management Program;

(xviii) the State’s Local Agency Investment Fund;

(xix) the San Mateo County Treasurer’s Investment Pool;

(xx) any other investments permitted by the Issuer’s then-current investment policy and applicable law.

“Issuer” means the San Mateo County Transit District, a public transit district duly organized and existing pursuant to the laws of the State of California, and its successors and assigns.

“Junior Obligations” means any obligations of the Issuer secured by and payable from Revenues on a basis which is subordinate to Senior Lien Debt, the Loan Debt Service, the Lender Fees and Expenses and other Subordinate Obligations, including, without limitation, any other fees

and expenses and Swap Termination Payments, the terms of which are issued pursuant to this Indenture and a Supplemental Indenture.

“Junior Obligations Event of Default” means any of the events specified in Section 9.02 hereof.

“Junior Obligations Fund” means the fund by that name to be established and held by the Trustee pursuant to Section 6.06 hereof.

“Junior Obligation Reserve Fund” means any such fund established as provided in Section 7.05 hereof.

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

“Law” means the San Mateo County Transit District Act, constituting Part 15 of Division 10 of the Public Utilities Code of the State of California, and Chapter 6 of Part I of Division 2 of Title 5 of the Government Code of the State of California as referenced in said San Mateo County Transit District Act, as now in effect and as it may from time to time hereafter be amended or supplemented. Reference to any particular section of the Law shall, in the event of any amendment or supplement to the Law, be deemed to be reference to the successor to such section of the Law.

“Lender” means any provider of a line of credit, or other instrument, if any, that owns an Indenture Obligation issued pursuant to a Supplemental Indenture and the applicable Credit Agreement, from time to time.

“Lender Fees and Expenses” means all Credit Agreement Obligations other than the Loan Debt Service.

“Liquidity Facility” means, with respect to a Series of Senior Lien Bonds, a Series of Subordinate Obligations, or a Series of Junior Obligations, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility securing or guaranteeing the payment of purchase price of such Series of Senior Lien Bonds, Series of Subordinate Obligations or Series of Junior Obligations and issued by a commercial bank, insurance company, pension fund or other financial institution, and delivered or made available to the Trustee, as from time to time supplemented or amended pursuant to its terms.

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

“Liquidity Provider” means, with respect to a Series of Senior Lien Bonds, a Series of Subordinate Obligations, or a Series of Junior Obligations, the commercial bank, insurance company, pension fund or other financial institution issuing (or having primary obligation, or

acting as agent for the financial institutions obligated, under) a Liquidity Facility then in effect with respect to such Series of Senior Lien Bonds, Series of Subordinate Obligations, or Series of Junior Obligations.

“Loan Debt Service” means payment of principal of, and interest on, the Loans.

“Loan” or **“Loans”** means advances and other amounts that the Issuer borrows from a Lender pursuant to a Credit Agreement that are repaid in part or in whole by Sales Tax Revenues as provided in the applicable Supplemental Indenture and Credit Agreement providing for the issuance thereof.

“Mandatory Sinking Account Payment” means (i) with respect to Senior Lien Bonds of any Series and maturity, the amount required by the Supplemental Indenture establishing the terms and provisions of such Series of Senior Lien Bonds to be deposited by the Issuer in the Senior Lien Principal Account for the payment of principal of Term Bonds of such Series and maturity, and (ii) with respect to Subordinate Obligations of any Series and maturity, the amount required by the Supplemental Indenture establishing the terms and provisions of such Series of Subordinate Obligations to be deposited by the Issuer in the Subordinate Fund for the payment of principal of Term Bonds of such Series and maturity, if any.

“Maximum Annual Debt Service” means, (i) with respect to Senior Lien Debt, including for purposes of Sections 3.02(c) and 3.04(a) hereof, and the maximum amount of Annual Debt Service becoming due and payable on all Senior Lien Bonds Outstanding and all Senior Lien Obligations Outstanding during the period from the date of such calculation through the final maturity date of the Senior Lien Bonds and Senior Lien Obligations, calculated utilizing the assumptions set forth under the definition of Debt Service, (ii) with respect to Subordinate Obligations, including for purposes of Sections 5.02(a)(iii) and 5.03 hereof, the maximum amount of Annual Debt Service becoming due and payable on all Senior Lien Debt and Subordinate Obligations Outstanding during the period from the date of such calculation through the final maturity date of the Senior Lien Debt and Subordinate Obligations, calculated utilizing the assumptions set forth under the definition of Debt Service, and, calculated utilizing the assumptions set forth under the definition of Debt Service.

“Maximum Rate” has the meaning set forth in the applicable Supplemental Indenture with respect to the applicable Indenture Obligation.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Issuer (other than Fitch or S&P).

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Order” – see “Certificate, Statement, Request, Requisition and Order of the Issuer” above.

“Ordinance” means Ordinance No. 20 adopted by the Board of Directors of the District on July 22, 1981, as amended by Ordinance No. 28 adopted by the Board of Directors of the District on December 14, 1983 and by Ordinance No. 30 adopted by the Board of Directors of the District on March 27, 1985, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Owner” – see “Holder” above.

“Outstanding” when used as of any particular time with reference to Senior Lien Bonds, means (subject to the provisions of Section 15.10) all Senior Lien Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (1) Senior Lien Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Senior Lien Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with Section 12.02 hereof, including Senior Lien Bonds (or portions of Senior Lien Bonds) referred to in Section 15.11; and (3) Senior Lien Bonds for the transfer or exchange of or in lieu of or in substitution for which other Senior Lien Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture; provided, however, that in the event the principal of or interest due on any Senior Lien Bonds shall be paid by a Credit Provider pursuant to the Credit Enhancement issued in connection with such Senior Lien Bonds, such Senior Lien Bonds shall remain Outstanding for all purposes and shall not be considered defeased or otherwise satisfied or paid by the Issuer and the pledge of Sales Tax Revenues and all covenants, agreements and other obligations of the Issuer to the Holders shall continue to exist and shall run to the benefit of such Credit Provider and such Credit Provider shall be subrogated to the rights of such Holders. With respect to other Indenture Obligations, “Outstanding” means when used as of any particular time with reference to other Indenture Obligations, all Indenture Obligations deemed outstanding or not satisfied within the meaning of the documents authorizing such Indenture Obligations, including, but not limited to, whether such other Indenture Obligations are also supported and/or paid by a Credit Provider pursuant to the Credit Enhancement issued in connection with such other Indenture Obligations.

“Paired Obligations” means any Series (or portion thereof) of Senior Lien Bonds or Senior Lien Obligations designated as Paired Obligations in the Supplemental Indenture or other document authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (i) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts; and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Issuer for the term of such Senior Lien Bonds or Senior Lien Obligations.

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

“Project” means the acquisition and construction of rights of way, rail lines, bus lines, stations, platforms, switches, yards, terminals, parking lots, and any and all facilities necessary or convenient for transit service within or without the Issuer, together with all physical structures necessary or convenient for the access of persons or vehicles thereto, and the acquisition of any

interest in, or rights to, the use or joint use of any or all of the foregoing facilities or such other rights of property, real or personal, permitted by the Law.

“Rating Agency” means Fitch, Kroll, Moody’s or S&P, and any other nationally recognized credit rating agency if and for so long as such rating agency, at the request of the Issuer, maintains a rating on such Indenture Obligations.

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

“Redemption Price” means (i) with respect to any Senior Lien Bond (or portion thereof) the Bond Obligation of such Senior Lien Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Senior Lien Bond and this Indenture, (ii) with respect to any Subordinate Obligation (or portion thereof) the Bond Obligation of such Subordinate Obligation (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Subordinate Obligation and this Indenture, and (iii) with respect to any Junior Obligation (or portion thereof) the Bond Obligation of such Junior Obligation (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Junior Obligation and this Indenture.

“Refunding Senior Lien Bonds” means a Series of Senior Lien Bonds or a portion of a Series of Senior Lien Bonds issued pursuant to the provisions set forth in Section 3.04.

“Refunding Subordinate Obligations” means a Series of Subordinate Obligations or a portion of a Series of Subordinate Obligations issued pursuant to the provisions set forth in Section 5.03.

“Request” – see “Certificate, Statement, Request, Requisition and/or Order of the Issuer” above.

“Requisition” – see “Certificate, Statement, Request, Requisition and/or Order of the Issuer” above.

“Revenues” means during any fiscal period the sum of the following amounts for such fiscal period:

- (1) all Sales Tax Revenues; and
- (2) all investment earnings on amounts held by the Trustee in the funds and accounts hereunder other than amounts deposited to the Senior Lien Bond Rebate Fund; and
- (3) all Swap Revenues; and

(4) any additional revenues added to the definition of “Revenues” pursuant to a Supplemental Indenture.

“**S&P**” means S&P Global Ratings, and its successors and assigns, except that if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Issuer (other than Fitch and Moody’s).

“**Sales Tax**” means the retail transactions and use tax applicable in the incorporated and unincorporated territory within the County levied at the rate of one-half of one percent (1/2%) and imposed pursuant to the provisions of the Law and the Ordinance in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, collection of which commenced July 1, 1982, commonly known as the “Proposition A” sales tax.

“**Sales Tax Revenue Fund**” means the fund of that name maintained and held by the Trustee pursuant to Section 6.01(c) hereof.

“**Sales Tax Revenues**” means the amounts available for distribution to the District on and after December 1, 1990 on account of the Sales Tax imposed pursuant to the Law and the Ordinance after deducting amounts payable by the District to the CDTFB for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law and the Ordinance.

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

“**Senior Lien Bond Rebate Fund**” means any and all rebate funds established as described in Section 8.06 hereof.

“**Senior Lien Bonds**” means Senior Lien Bonds issued pursuant to Section 3.02, Section 3.03 or Section 3.04 hereof, and, for the avoidance of doubt, the Senior Lien Bonds being issued pursuant to the First Supplemental Indenture are Senior Lien Bonds.

“**Senior Lien Bonds Costs of Issuance Fund**” means any and all funds established as described in Section 7.02 hereof.

“**Senior Lien Bonds Project Fund**” means any and all funds established as described in Section 7.01 hereof.

“**Senior Lien Bonds Tax Certificate**” means the tax certificate delivered by the Issuer in connection with the Senior Lien Bonds issued pursuant to the First Supplemental Indenture, as such tax certificate is originally executed and as it may from time to time be amended or supplemented pursuant to its terms, and any additional or supplemental tax certificates delivered in connection with any additional borrowings under the Indenture, or any other tax certificate entered into by the Issuer in the future with respect to any other Tax-Exempt Senior Lien Bonds.

“Senior Lien Debt” means all Senior Lien Bonds and Senior Lien Obligations.

“Senior Lien Debt Service Fund” means the fund of that name established pursuant to Section 6.05 hereof.

“Senior Lien Deficiency” means, at any time, the amount by which the Revenues on deposit in the Senior Lien Interest Account or the Senior Lien Principal Account, as the case may be, fall short of the corresponding amount of accumulated Aggregate Accrued Senior Lien Interest or accumulated Aggregate Accrued Senior Lien Principal that should be on deposit therein for the current month and any prior months.

“Senior Lien Event of Default” means any of the events specified in Section 9.01 hereof.

“Senior Lien Excess Deposit” means, at any time, the amount by which the Revenues on deposit in the Senior Lien Interest Account or the Senior Lien Principal Account, as the case may be, exceed the corresponding amount of accumulated Aggregate Accrued Senior Lien Interest or accumulated Aggregate Accrued Senior Lien Principal that should be on deposit therein for the current month and any prior months.

“Senior Lien Interest Account” means the account of that name established within the Senior Lien Debt Service Fund pursuant to Section 6.05 hereof.

“Senior Lien Obligations” means all indebtedness, obligations for borrowed money or other obligations of the Issuer other than Senior Lien Bonds that has a lien upon the Revenues that is on a parity with that of the Senior Lien Bonds and that is senior to that of the Loan Debt Service, any other Subordinate Obligations, and any Junior Obligations, including any Interest Rate Swap Agreement (excluding fees and expenses thereon and Swap Termination Payments, which shall be secured as Junior Obligations) entered into in connection with a Series of Senior Lien Bonds, in each case incurred in accordance with Section 3.05, and in each case having a lien and charge upon the Revenues and therefore being payable on a parity with the Senior Lien Bonds.

“Senior Lien Principal Account” means the account of that name established within the Senior Lien Debt Service Fund pursuant to Section 6.05 hereof.

“Senior Lien Reserve Fund” means any such fund established as provided in Section 7.05 hereof.

“Series” means (i) whenever used herein with respect to Senior Lien Bonds, all of the Senior Lien Bonds designated as being of the same series and issued at the same time or sharing some other common term or characteristic, (ii) whenever used herein with respect to Subordinate Obligations, all of the Subordinate Obligations, designated as being of the same series and issued at the same time or sharing some other common term or characteristic, if any, and (iii) whenever used herein with respect to Junior Obligations, all of the Junior Obligations, designated as being of the same series and issued at the same time or sharing some other common term or characteristic, if any.

“SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by

Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or by any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Issuer and effective from such date. If on any date, this rate is not reported or otherwise is unavailable, the SIFMA Swap Index shall mean [70% of][80% of] the one-month U.S. Treasury yield reported as of such date.

“**State**” means the State of California.

“**Statement**” – see “Certificate, Statement, Request, Requisition and Order of the Issuer” above.

“**Subordinate Obligations**” means all indebtedness or other obligations of the Issuer for borrowed money, any Interest Rate Swap Agreement and any other obligation of the Issuer having a subordinate lien to the Senior Lien Bonds and Senior Lien Obligations, an equal lien upon the Sales Tax Revenues.

“**Subordinate Obligations Event of Default**” means any of the events specified in Section 9.02 hereof.

“**Subordinate Obligations Fund**” means the fund by that name to be established and held by the Trustee pursuant to Section 7.04 hereof.

“**Subordinate Obligation Reserve Fund**” means any such fund established as provided in Section 7.05 hereof.

“**Supplemental Indenture**” means the First Supplemental Indenture and any other supplement to this Indenture hereafter duly authorized, executed and delivered by the Issuer and the Trustee, supplementing, modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“**Swap Revenues**” means all regularly-scheduled amounts (but not Swap Termination Payments) owed or paid to the Issuer by any Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not Swap Termination Payments) owed or paid by the Issuer to such Counterparty under such Interest Rate Swap Agreement.

“**Swap Termination Payments**” means the aggregate amount payable to the Counterparty by the Issuer upon termination prior to stated maturity of all or a portion of the Interest Rate Swap Agreement, net of all amounts payable to the Issuer by such Counterparty upon early unwind of all or a portion of such Interest Rate Swap Agreement. For the avoidance of doubt, all calculations of such amounts payable under the Interest Rate Swap Agreements shall be made in accordance with the terms of the applicable Interest Rate Swap Agreement.

“**Tax-Exempt Indenture Obligations**” means any Indenture Obligations the interest on which is excluded from the gross income of the holder of such Indenture Obligations for federal income tax purposes.

“Taxable Indenture Obligations” means any Indenture Obligations the interest on which is not excluded from the gross income of the holder of such Indenture Obligations for federal income tax purposes.

“Term Bonds” means any Indenture Obligations payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Indenture Obligations on or before their specified maturity date or dates as set forth in the applicable Supplemental Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor, as Trustee, as provided in Section 10.01 hereof.

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

SECTION 1.02 Equality of Security. In consideration of the acceptance of the Senior Lien Bonds, the Senior Lien Obligations, the Subordinate Obligations and the Junior Obligations by the Owners thereof from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Issuer, the Trustee and the Owners from time to time of the Senior Lien Bonds, the Senior Lien Obligations, the Subordinate Obligations and the Junior Obligations, and the covenants and agreements herein set forth to be performed by or on behalf of the Issuer and the Trustee shall be for the equal and proportionate benefit, security and protection of (a) all Owners of Senior Lien Bonds and Senior Lien Obligations, without preference, priority or distinction as to security or otherwise of any of the Senior Lien Bonds or Senior Lien Obligations over any of the others, except as expressly provided herein or therein, (b) the Owners of any Subordinate Obligations without preference, priority or distinction as to security or otherwise of any of the Subordinate Obligations over any of the others, except as expressly provided herein or therein, provided that, notwithstanding anything else herein to the contrary, the pledge and lien established by this Indenture securing payment of such Loan Debt Service, Lender Fees and Expenses and other Subordinate Obligations shall be subordinate in all respects to the pledge and lien established by this Indenture securing payment of the Senior Lien Bonds and Senior Lien Obligations, and (c) the Owners of Junior Obligations as provided in the applicable Supplemental Indenture(s) or other instruments pursuant to which such Junior Obligations are or were issued or incurred; provided that, notwithstanding anything else herein to the contrary, the pledge and lien established by this Indenture securing payment of such Junior Obligations shall be subordinate in all respects to the pledge and lien established by this Indenture securing payment of the Senior Lien Bonds and Senior Lien Obligations and to the pledge and lien established by this Indenture securing payment of the Loan Debt Service, Lender Fees and Expenses and other Subordinate Obligations. Nothing herein shall prevent additional security, in addition to the security given or intended to be given by this Indenture, being provided for the benefit of a particular Series of Senior Lien Bonds or particular Senior Lien Obligations, Subordinate Obligations or Junior Obligations under any supplement to this Indenture.

SECTION 1.03 Content of Certificates and Opinions. Every Certificate of the Issuer or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such Certificate of the Issuer or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the Certificate of the Issuer or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the Certificate of the Issuer or opinion to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such Certificate of the Issuer or opinion made or given by an Authorized Representative of the Issuer may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, a financial advisor or an independent Consultant, unless such Authorized Representative of the Issuer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, a financial advisor or an independent Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Issuer) upon a certificate or opinion of or representation by an officer of the Issuer, unless such counsel, accountant, financial advisor or independent Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Representative of the Issuer, or the same counsel or accountant or financial advisor or independent Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants, financial advisors or independent Consultants may certify to different matters, respectively.

ARTICLE II SENIOR LIEN BONDS

SECTION 2.01 Authorization of Senior Lien Bonds. Senior Lien Bonds may be issued hereunder as fully registered bonds without coupons, in book-entry form or otherwise, from time to time as the issuance thereof is approved by the Issuer. The maximum principal amount of Senior Lien Bonds which may be issued hereunder is not limited; subject, however, to any limitations contained in the Law and the Ordinance and to the right of the Issuer, which is hereby reserved, to limit the aggregate principal amount of Senior Lien Bonds which may be issued or Outstanding hereunder. The Senior Lien Bonds may be issued in such Series as from time to time shall be established and authorized by the Issuer, subject to the covenants, provisions and conditions herein contained.

SECTION 2.02 Terms of the Senior Lien Bonds.

(a) The Senior Lien Bonds of each Series shall be issued in the principal amount, shall bear interest, if any, at such rate or rates not exceeding the maximum rate then permitted by law, including variable or adjustable rates, shall mature and shall be subject to

redemption prior to their respective maturities, and become payable on such date or dates and in such year or years, all as shall be set forth in the Supplemental Indenture creating such Series.

(b) Principal of and interest on such Senior Lien Bonds shall be payable in such manner as may be specified in the Supplemental Indenture creating such Series. The Senior Lien Bonds of each Series shall be issued in such denominations as may be authorized by the Supplemental Indenture creating such Series; provided however, that with respect to principal payments, such principal payments shall all be payable on the same date of the year that such principal payments are payable for the initial Series of Senior Lien Bonds.

(c) Unless otherwise provided in the Supplemental Indenture delivered in connection with such Series of Senior Lien Bonds, the Senior Lien Bonds of each Series shall be initially registered in the name of “Cede & Co.,” as nominee of the Securities Depository and shall be evidenced by one bond certificate for each maturity of each Series of Senior Lien Bonds. Registered ownership of any Series of Senior Lien Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.05, or in the event the use of the Securities Depository is discontinued, in accordance with the provisions set forth in Section 2.10.

(d) The Senior Lien Bonds are designated generally as “San Mateo County Transit District Limited Tax Bonds,” each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Senior Lien Bonds. The specific designation of a Series shall be specified in the Supplemental Indenture creating such Series.

SECTION 2.03 Form of Senior Lien Bonds. The Senior Lien Bonds of any Series shall be in such form or forms as may be specified in the Supplemental Indenture creating such Series.

SECTION 2.04 Execution and Authentication of Senior Lien Bonds. The Senior Lien Bonds shall be executed in the name and on behalf of the Issuer as provided in the Supplemental Indenture pursuant to which such Senior Lien Bonds are issued. Unless otherwise provided in any Supplemental Indenture, the Senior Lien Bonds shall then be delivered to the Trustee for authentication by the Trustee. In case any of the officers who shall have signed or attested any of the Senior Lien Bonds shall cease to be such officer or officers of the Issuer before the Senior Lien Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Issuer, such Senior Lien Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as though those who signed and attested the same had continued to be such officers of the Issuer, and also any Senior Lien Bond may be signed and attested on behalf of the Issuer by such persons as at the actual date of execution of such Senior Lien Bond shall be the proper officers of the Issuer although at the nominal date of such Senior Lien Bond any such person shall not have been such officer of the Issuer.

Except as may otherwise be provided in a Supplemental Indenture establishing the terms and provisions of a Series of Senior Lien Bonds, only such of the Senior Lien Bonds as shall bear thereon a certificate of authentication substantially in the form recited in the Supplemental Indenture creating such Series of Senior Lien Bonds, manually executed by the Trustee, shall be

valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of authentication when manually executed by the Trustee shall be conclusive evidence that the Senior Lien Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

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

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

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

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

SECTION 2.08 Temporary Senior Lien Bonds. The Senior Lien Bonds may be issued in temporary form exchangeable for definitive Senior Lien Bonds when ready for delivery. Any temporary Senior Lien Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Issuer, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Senior Lien Bond may be in the form of a single Senior Lien Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Senior Lien Bonds maturing on such date. Every temporary Senior Lien Bond shall be executed by the Issuer and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive

Senior Lien Bonds of the same Series. If the Issuer issues temporary Senior Lien Bonds the Issuer will execute and deliver definitive Senior Lien Bonds as promptly thereafter as practicable, and thereupon the temporary Senior Lien Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Senior Lien Bonds an equal aggregate principal amount of definitive Senior Lien Bonds of authorized denominations of the same Series, tenor and maturity or maturities. Until so exchanged, the temporary Senior Lien Bonds shall be entitled to the same benefits under this Indenture as definitive Senior Lien Bonds authenticated and delivered hereunder.

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

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

(a) The Senior Lien Bonds shall be delivered and registered as provided in Section 2.07. Registered ownership of any Series of Senior Lien Bonds, or any portion thereof, may not thereafter be transferred except:

(1) To any successor of the Securities Depository or its nominee, or to any substitute depository designated pursuant to Section 2.10(a)(2) below (each, a “substitute depository”); provided that any successor of the Securities Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

(b) In the case of any transfer pursuant to Section 2.10(a)(1) or Section 2.10(a)(2) hereof, upon receipt of the Outstanding Senior Lien Bonds by the Trustee, together with a Statement of the Issuer to the Trustee, a single new Senior Lien Bond for each maturity of each Series of Senior Lien Bonds then Outstanding shall be executed and delivered in the aggregate principal amount of the Senior Lien Bonds of such Series then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Statement of the Issuer. In the case of any transfer pursuant to Section 2.10(a)(3) hereof, upon receipt of the Outstanding Senior Lien Bonds by the Trustee together with the Statement of the Issuer to the Trustee, new Senior Lien Bonds of each Series then Outstanding shall be authorized and prepared by the Issuer and authenticated and delivered by the Trustee in such authorized denominations and registered in the names of such Persons as are requested in such a Statement of the Issuer, numbered in such manner as the Trustee shall determine, subject to the limitations of Section 2.02.

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

(d) The Issuer and the Trustee shall be entitled to treat the Person in whose name any Senior Lien Bond is registered as the Bondholder thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Issuer, and the Issuer and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying or otherwise dealing with any Beneficial Owners of the Senior Lien Bonds. Neither the Issuer nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including the Securities Depository or its successor (or substitute depository or its successor), except for the Holder of any Senior Lien Bond.

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

ARTICLE III ISSUANCE OF SENIOR LIEN DEBT

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

SECTION 3.02 Issuance of Additional Senior Lien Bonds. Subsequent to the issuance of the initial Series of Senior Lien Bonds issued pursuant to the First Supplemental Indenture, the Issuer may by Supplemental Indenture establish one or more Series of Senior Lien Bonds, payable from Revenues and secured by the pledge made under this Indenture equally and ratably with other Senior Lien Bonds and Senior Lien Obligations, and the Issuer may issue, and the Trustee may authenticate and deliver to the purchasers thereof additional Senior Lien Bonds of any such Series so established, in such principal amount as shall be determined by the Issuer in accordance with the Indenture, and such subsequent issuance of Senior Lien Bonds shall occur upon compliance by the Issuer with the provisions of this Section 4.01, Section 4.02, Section 4.03 and any additional requirements set forth in said Supplemental Indenture and subject to the specific conditions set forth below, each of which is hereby made a condition precedent to the issuance of any such additional Series of Senior Lien Bonds after the initial Series of Senior Lien Bonds. For the avoidance of doubt, the initial Series of Senior Lien Bonds may be issued without compliance with the provisions set forth below.

(a) No Event of Default shall have occurred and then be continuing, as evidenced by the delivery of a Certificate of the Issuer to that effect, which Certificate of the Issuer shall be filed with the Trustee.

(b) The aggregate principal amount of the additional Senior Lien Bonds being issued hereunder shall not cause the Issuer to exceed any limitation imposed by the Ordinance or any other law or by any Supplemental Indenture and the issuance of such additional Series of Senior Lien Bonds and the expected use of proceeds thereof is in compliance with the provisions of the Law and the Ordinance, as evidenced by the delivery of a Certificate of the Issuer to that effect, which Certificate of the Issuer shall be filed with the Trustee.

(c) The Issuer shall file with the Trustee a certificate prepared by or on behalf of the Issuer showing that the amount of Sales Tax Revenues collected during any 12 consecutive calendar months specified by the Issuer within the most recent 18 calendar months immediately preceding the date on which such additional Series of Senior Lien Bonds will become Outstanding shall have been at least equal to 2.0 times Maximum Annual Debt Service on all Senior Lien Debt then Outstanding and the additional Series of Senior Lien Bonds then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based; provided that if the Ordinance is amended to increase the rate of the Sales Tax under the applicable provisions of law and such increased rate was not in effect during all or any portion of the 12-consecutive-calendar month period, then the Issuer may add to the amount of Sales Tax Revenues for such period an amount equal to the amount of Sales Tax Revenues that would have been generated if the increased rate were in effect for the full period, as calculated by the Issuer using such reasonable assumptions as it determines.

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

SECTION 3.03 Proceedings for Issuance of Additional Senior Lien Bonds.
Subsequent to the issuance of the initial series of Senior Lien Bonds pursuant to the First Supplemental Indenture, before any additional Series of Senior Lien Bonds shall be issued and delivered, the Issuer shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Senior Lien Bonds have been satisfied).

- (a) A Supplemental Indenture authorizing such Series executed by the Issuer.
- (b) The Certificates of the Issuer required by Sections 3.02(a) and (b).
- (c) The Certificate required by Section 3.02(c).

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

SECTION 3.04 Issuance of Refunding Senior Lien Bonds.

(a) A Series of Refunding Senior Lien Bonds may be authorized and issued by the Issuer without compliance with the provisions of Section 3.02(a), Section 3.02(c) and Section 3.03(c) to refund any Senior Lien Debt provided that the Trustee shall have been provided with a certificate of the Issuer to the effect that Maximum Annual Debt Service on all Senior Lien Debt Outstanding following the issuance of such Refunding Senior Lien Bonds is less than or equal to Maximum Annual Debt Service on all Senior Lien Debt Outstanding prior to the issuance of such Refunding Senior Lien Bonds. Such Refunding Senior Lien Bonds may be issued in an aggregate

principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

- (1) any part or portion of the principal or Redemption Price of the Outstanding Senior Lien Debt to be refunded;
- (2) all expenses incident to the calling, retiring or paying of such Outstanding Senior Lien Debt and the Costs of Issuance of such Refunding Senior Lien Bonds;
- (3) any Swap Termination Payment under any Interest Rate Swap Agreement that was entered into in connection with the Senior Lien Bonds or Senior Lien Obligations to be refunded;
- (4) interest on all Outstanding Senior Lien Debt to be refunded to the date such Senior Lien Debt will be called for redemption or paid at maturity;
- (5) interest on the Refunding Senior Lien Bonds from the date thereof to the date of payment or redemption of the Senior Lien Bonds or Senior Lien Obligations to be refunded; and
- (6) funding a reserve fund for the Refunding Senior Lien Bonds, if applicable.

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

- (1) A Supplemental Indenture authorizing such Series of Refunding Senior Lien Bonds executed by the Issuer.
- (2) The Certificate of the Issuer required by Section 3.02(b).
- (3) If any of the Senior Lien Debt to be refunded is to be redeemed prior to its stated maturity dates, irrevocable instructions to the Trustee to give any applicable notice of redemption or a waiver of the notice of redemption signed by the Holders of all or a portion of the Senior Lien Debt to be redeemed, or proof that such notice has been given by the Issuer; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Issuer may cause to be deposited with the Trustee all of the Senior Lien Debt proposed to be redeemed (whether canceled or uncanceled) with irrevocable instructions to the Trustee to cancel or cause to be cancelled said Senior Lien Debt so to be redeemed upon the exchange and delivery of said Refunding Senior Lien Debt; and provided further that no provision of this Indenture shall be construed to require the redemption of Senior Lien Debt prior to their respective maturity dates in connection with the refunding thereof.

(4) The Senior Lien Debt to be refunded, if any, is no longer Outstanding after giving effect to the issuance of the Refunding Senior Lien Bonds and the application of the proceeds thereof on their date of issuance.

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

(6) The proceeds of the sale of the Refunding Senior Lien Bonds shall be applied by the Trustee according to the Order of the Issuer to the retirement of the Outstanding Senior Lien Bonds or Senior Lien Obligations for the refunding of which said Refunding Senior Lien Bonds are to be issued, and the other expenses described in Section 3.04(a) hereof. All Senior Lien Bonds or Senior Lien Obligations purchased, redeemed or retired by use of funds received from the sale of Refunding Senior Lien Bonds, and all Senior Lien Bonds surrendered to the Trustee against the issuance of Refunding Senior Lien Bonds, shall be forthwith canceled and shall not be reissued.

SECTION 3.05 Issuance of Senior Lien Obligations. Senior Lien Obligations may be authorized and issued or incurred by the Issuer, provided that the following conditions to the issuance or incurrence of such Senior Lien Obligations are satisfied:

(a) Such Senior Lien Obligations have been duly and legally authorized by the Issuer for any lawful purpose;

(b) The Certificates of the Issuer required by Sections 3.02(a) (if such Senior Lien Obligations are being issued other than for refunding purposes complying with the requirements of Section 3.04 hereof) and (b).

(c) (1) Such Senior Lien Obligations are being issued or incurred for purposes of refunding in compliance with the requirements for the issuance of Refunding Senior Lien Bonds set forth in Section 3.04 or (2) the Issuer shall have placed on file with the Trustee a certificate of the Issuer, upon which the Trustee may conclusively rely certifying (on the basis of calculations made no later than the date of sale or incurrence of such Senior Lien Obligations, as applicable) that the requirements set forth in Section 3.02(c) relating to the issuance of an additional Series of Senior Lien Bonds have been satisfied with respect to such Senior Lien Obligations, which certificate shall also set forth the computations upon which such certificate is based; and

(d) As and to the extent applicable, the Trustee shall be designated as paying agent or trustee for such Senior Lien Obligations and the Issuer shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Senior Lien Obligations (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Senior Lien Obligations).

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

SECTION 3.06 Application of Proceeds. Proceeds of each Series of Senior Lien Bonds or any Senior Lien Obligations shall be applied as specified in the Supplemental Indenture pursuant to which such Senior Lien Debt is issued or incurred.

SECTION 3.07 Credit Enhancement; Liquidity Facility. If any Series of Senior Lien Bonds is supported by a Credit Enhancement or a Liquidity Facility, the Supplemental Indenture pursuant to which such Senior Lien Bonds are issued shall include the rights that the Credit Facility Provider or Liquidity Facility Provider has with respect to notices, consents, instructions, repayment, and other matters; provided that, except as set forth in Section 9.03, no Credit Facility Provider or Liquidity Provider shall be provided any rights to take action under this Indenture that are greater than the rights of the Holders of the Senior Lien Bonds supported by the relevant Credit Enhancement or Liquidity Facility.

SECTION 3.08 Applicability of Provisions to Short-Term Borrowing Programs. For purposes of Sections 3.02(a)-(c), 3.03, 3.04, 3.05(b) and (c), “issuance,” “issue” and “incur” means (a) with respect to a Revolving Facility (as defined in paragraph (j) of the definition of Debt Service), the date on which such program or facility is established or the date that the maximum authorized principal amount under such program or facility is increased (and with respect to any increase, only as to the amount of such increase), and (b) with respect to other obligations, the initial issuance and delivery thereof by the Issuer.

ARTICLE IV

REDEMPTION, TENDER AND PURCHASE OF SENIOR LIEN BONDS

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

SECTION 4.02 Notice of Redemption. Notices of redemption with respect to Senior Lien Bonds shall be given as specified in a Supplemental Indenture establishing the terms and provisions of such Senior Lien Bonds. Each notice of redemption of Senior Lien Bonds shall include the information set forth in the Supplemental Indenture pursuant to which such Senior Lien Bonds were issued.

The failure of any Holder to receive notice or any defect in any such notice shall not affect the sufficiency or validity of the proceedings for redemption.

Notices of redemption of Senior Lien Bonds may be conditional to the extent and as set forth in the Supplemental Indenture pursuant to which such Senior Lien Bonds were issued.

SECTION 4.03 Partial Redemption of Senior Lien Bonds. Upon surrender of any Senior Lien Bond redeemed in part only, the Issuer shall execute (but need not prepare) and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Issuer, a new Senior Lien Bond or Senior Lien Bonds of authorized denominations, and of the same Series, maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the Senior Lien Bond surrendered.

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

ARTICLE V SUBORDINATE OBLIGATIONS AND JUNIOR OBLIGATIONS

SECTION 5.01 Subordinate and Junior Obligations. The Issuer shall not issue or incur any Indebtedness secured by the Sales Tax Revenues that ranks senior to the lien on Sales Tax Revenues securing the Subordinate Obligations or Junior Obligations, other than Senior Lien Bonds and Senior Lien Obligations issued under ARTICLE II and ARTICLE III of this Indenture. The Issuer shall not issue or incur any Indebtedness secured by the Sales Tax Revenues that ranks senior to the Senior Lien Debt.

SECTION 5.02 Issuance of Subordinate Obligations. The Issuer may by Supplemental Indenture entered into pursuant to this Indenture issue or incur Subordinate Obligations, subject to the limitations set forth in the Law, the Ordinance, the Supplemental Indenture establishing such Subordinate Obligations and other applicable law, payable from Revenues and other amounts and secured by the pledge made under this Indenture or such applicable Supplemental Indenture, and the Issuer may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Subordinate Obligations in such principal amount as shall be determined by the Issuer.

SECTION 5.03 Junior Obligations. The Issuer may by Supplemental Indenture entered into pursuant to this Indenture issue or incur Junior Obligations, subject to the limitations set forth in the Law, the Ordinance, the Supplemental Indenture establishing such Junior Obligations and other applicable law, payable from Revenues and other amounts and secured by the pledge made under this Indenture or such applicable Supplemental Indenture, and the Issuer may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Junior Obligations in such principal amount as shall be determined by the Issuer.

SECTION 5.04 Applicability of Provisions to Short-Term Borrowing Programs. For purposes of Section 5.02 and Section 5.03, “issuance,” “issue” and “incur” means (a) with respect to a Revolving Facility (as defined in paragraph (j) of the definition of Debt Service the date on which such program or facility is established or the date that the maximum authorized principal amount under such program or facility is increased (and with respect to any increase,

only as to the amount of such increase), and (b) with respect to other obligations, the initial issuance and delivery thereof by the Issuer.

ARTICLE VI REVENUES

SECTION 6.01 Pledge of Sales Tax Revenues; Sales Tax Revenue Fund.

(a) As security for the payment of all amounts owing on the Senior Lien Bonds, Senior Lien Obligations, Subordinate Obligations and Junior Obligations, the Issuer hereby irrevocably pledges to the Trustee: (i) all Revenues; and (ii) all amounts, including proceeds of the Senior Lien Bonds when issued, held on deposit in the funds and accounts established hereunder (except for amounts held in any Senior Lien Bond Rebate Fund), any Senior Lien Bonds Project Fund (which shall secure only the Senior Lien Bonds the proceeds of which were deposited therein), any Senior Lien Bonds Costs of Issuance Fund (which shall secure only the Senior Lien Bonds the proceeds of which were deposited therein), any Senior Lien Reserve Fund (which shall secure only the Senior Lien Debt specifically identified in a Supplemental Indenture or Supplemental Indentures as secured thereby), any Subordinate Obligations Reserve Fund (which shall secure only the Subordinate Obligations specifically identified in a Supplemental Indenture or Supplemental Indentures as secured thereby), any fund or account established under a Supplemental Indenture that secures only specifically identified Senior Lien Debt, Subordinate Obligations or Junior Obligations (which shall secure only the obligations so identified) and any rebate fund established under a Supplemental Indenture, subject to the provision of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture. The collateral identified above shall immediately be subject to this pledge, and this pledge shall constitute a lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Issuer and all others asserting the rights therein, to the extent set forth, and in accordance with, this Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of the amounts in such funds shall be valid and binding with respect to the other Indenture Obligations from and after delivery by the Issuer thereof, without physical delivery thereof or any further act. The pledge of Sales Tax Revenues and all amounts held on deposit in the funds and accounts established hereunder (except for amounts held in the Senior Lien Bond Rebate Fund and any other rebate funds established under a Supplemental Indenture) shall be irrevocable until all of the Senior Lien Bonds, all Senior Lien Obligations, all Subordinate Obligations, and all Junior Obligations, and amounts owed in connection therewith are no longer Outstanding.

(b) The pledge of collateral in the prior paragraph shall constitute a first lien on such collateral with respect to the Senior Lien Debt, a second lien on such collateral (subordinate only to the lien of the Senior Lien Debt) with respect to the Subordinate Obligations, and a third lien on such collateral (subordinate only to the lien of the Senior Lien Debt and the Subordinate Obligations) with respect to the Junior Obligations. Senior Lien Bonds and Senior Lien Obligations shall be of equal rank without preference, priority or distinction of any Senior Lien Bonds and Senior Lien Obligations over any other Senior Lien Bonds and Senior Lien Obligations. All Subordinate Obligations, including the obligations with respect to Loan Debt Service and Lender Fees and Expenses, shall be of equal rank without preference, priority or distinction of any

Subordinate Obligations over any other Subordinate Obligations, but shall be subordinate in all respects to Senior Lien Bonds and Senior Lien Obligations.

(c) The Sales Tax Revenues shall be received and held in trust by the Trustee for the benefit of the Holders of the Senior Lien Bonds, Senior Lien Obligations, the Subordinate Obligations and the Junior Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in this ARTICLE VI. As long as any Senior Lien Bonds, any Senior Lien Obligations, any Subordinate Obligations or Junior Obligations remains Outstanding, the Issuer hereby assigns and shall cause Sales Tax Revenues to be transmitted by the CDFTA directly to the Trustee. The Trustee shall forthwith deposit in a trust fund, designated as the "Sales Tax Revenue Fund," which fund the Trustee shall designate and maintain, all Sales Tax Revenues, when and as received by the Trustee. All moneys at any time held in the Sales Tax Revenue Fund shall be held in trust for the benefit of the Holders of all Indenture Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in this ARTICLE VI. Any Revenues remaining after the disbursement, allocation and application of moneys set forth in this ARTICLE VI shall be transferred to the Issuer and may be used for any lawful purpose of the Issuer as provided in Section 6.02 hereof.

SECTION 6.02 Allocation of Revenues in Sales Tax Revenue Fund.

(a) So long as there are any Senior Lien Bonds or any Senior Lien Obligations, Subordinate Obligations or Junior Obligations Outstanding, in each month on the day following the receipt of the Sales Tax Revenues as provided in Section 6.01(c), the Trustee shall withdraw from the Sales Tax Revenue Fund an amount sufficient, with other funds, if any, provided to the Trustee and previously used in such month to make such deposits, to make deposits in the following respective accounts and funds in the following amounts, in the following order of priority:

(1) to the credit of the Senior Lien Interest Account an amount equal to the Aggregate Accrued Senior Lien Interest for the following calendar month less any Senior Lien Excess Deposit held in the Senior Lien Interest Account plus any Senior Lien Deficiency with respect to the Senior Lien Interest Account plus any amount of interest which has become due and has not been paid and for which there are insufficient funds in the Senior Lien Interest Account or another special account to be used to make such payment;

(2) to the credit of the Senior Lien Principal Account an amount equal to the Aggregate Accrued Senior Lien Principal for the following calendar month less any Senior Lien Excess Deposit held in the Senior Lien Principal Account plus any Accrued Senior Lien Premium for the following calendar month and any Senior Lien Deficiency with respect to the Senior Lien Principal Account plus any amount of principal and premium, if any, which has become due and has not been paid and for which there are insufficient funds in the Senior Lien Principal Account or another special account to be used to make such payment;

(3) to the credit of any Senior Lien Reserve Funds the amounts necessary to increase the amounts on deposit in such funds to the applicable reserve requirements identified in the Supplemental Indentures pursuant to which the Senior Lien Debt secured by such funds was issued or incurred; provided that in the event the Sales Tax Revenues are not sufficient

to make all such deposits, they shall be allocated pro rata between the Senior Lien Reserve Funds based on the amounts required to be deposited in such funds;

(4) to the Subordinate Obligations Fund to the credit of accounts to be created within the Subordinate Obligations by the Trustee pursuant to this Section 6.02(a)(4) for the deposit of funds to pay Subordinate Obligations. The Trustee is hereby instructed to create such accounts and subaccounts within the Subordinate Obligations Fund for each type or Series, if any, of Subordinate Obligation as such obligations arise and to credit such accounts in such amounts and at such times as shall be needed to provide for payment of such Subordinate Obligations under the Supplemental Indenture or Supplemental Indentures relating to such obligations. The credit of Revenues to such accounts shall be made in accordance with the rank of the pledge created by such Subordinate Obligations. Notwithstanding the foregoing, however, if there shall be insufficient Revenues in any Fiscal Year to make all of the foregoing deposits, such Revenues shall be allocated to the accounts within the Subordinate Obligations Fund on a pro rata basis based on the amounts required to be deposited therein during such Fiscal Year among all such Subordinate Obligations issued or entered into on a parity basis in accordance with the rank of the pledge created by such Subordinate Obligations;

(5) to the credit of any Subordinate Obligations Reserve Funds, the amounts necessary to increase the amounts on deposit in such funds to the applicable reserve requirements identified in the Supplemental Indentures pursuant to which the Subordinate Obligations secured by such funds was issued or incurred; provided that in the event the Sales Tax Revenues are not sufficient to make all such deposits, they shall be allocated pro rata between the Subordinate Obligations Reserve Funds based on the amounts required to be deposited in such funds;

(6) to the Junior Obligations Fund to the credit of accounts to be created within the Junior Obligations Fund by the Trustee pursuant to this Section 6.02(a)(6) for the deposit of funds to pay Junior Obligations. The Trustee is hereby instructed to create such accounts and subaccounts within the Junior Obligations Fund for each type or Series, if any, of Junior Obligation as such obligations arise and to credit such accounts in such amounts and at such times as shall be needed to provide for payment of such Junior Obligations under the Supplemental Indenture or Supplemental Indentures relating to such obligations. The credit of Revenues to such accounts shall be made in accordance with the rank of the pledge created by such Junior Obligations. Notwithstanding the foregoing, however, if there shall be insufficient Revenues in any Fiscal Year to make all of the foregoing deposits, such Revenues shall be allocated to the accounts within the Junior Obligations Fund on a pro rata basis based on the amounts required to be deposited therein during such Fiscal Year among all such Junior Obligations issued or entered into on a parity basis in accordance with the rank of the pledge created by such Junior Obligations;

(7) to the credit of any Junior Obligations Reserve Funds the amounts necessary to increase the amounts on deposit in such funds to the applicable reserve requirements identified in the Supplemental Indentures pursuant to which the Junior Obligations secured by such funds was issued or incurred; provided that in the event the Sales Tax Revenues are not sufficient to make all such deposits, they shall be allocated pro rata between the Junior Obligations Reserve Funds based on the amounts required to be deposited in such funds.

All remaining Sales Tax Revenues, after making the foregoing allocations, shall be available to the Issuer for all lawful Issuer purposes and the Trustee shall, to the full extent practicable, transfer the remaining Sales Tax Revenues to the Issuer on the same day as the allocation thereof (or, if such day is not a Business Day, no later than the following Business Day). The pledge of Revenues herein made shall be irrevocable until the Senior Lien Bonds, the Senior Lien Obligations, all Subordinate Obligations and all Junior Obligations are no longer Outstanding. Once the Trustee has transferred the remaining Sales Tax Revenues to the Issuer, such Sales Tax Revenues shall no longer constitute “Revenues,” are released from the lien of this Trust Agreement, and no longer secure the Indenture Obligations.

SECTION 6.03 Establishment and Application of Senior Lien Debt Service Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Senior Lien Debt Service Fund.” Within such Fund, the Trustee shall establish, maintain and hold in trust separate accounts designated the “Senior Lien Interest Account” and the “Senior Lien Principal Account.”

(b) The Trustee shall deposit into these Funds and Accounts such amounts as provided in Section 6.02 hereof and as provided in any Supplemental Indenture and shall also deposit into such Funds and Accounts such amounts as are received with instructions from the Issuer to the Trustee to deposit such amounts into a specific Fund or Account.

(c) There shall be withdrawn from the Senior Lien Interest Account and the Senior Lien Principal Account from time to time and set aside or deposited with the applicable Paying Agent or Paying Agents sufficient money for paying the interest on the Senior Lien Bonds and Senior Lien Obligations and the principal of and premium on the Senior Lien Bonds and Senior Lien Obligations as the same shall fall due, or if such interest, principal or premium is paid by or through a form of a Liquidity Facility, Credit Enhancement or Interest Rate Swap Agreement, amounts in the Senior Lien Interest Account and Senior Lien Principal Account may, if so provided by Supplemental Indenture, be used to reimburse such amounts to the applicable Liquidity Provider, Credit Provider or Counterparty. Notwithstanding the foregoing, however, if there shall be insufficient Revenues on deposit in the Senior Lien Debt Service Fund to make the foregoing deposits, such Revenues shall be allocated first, to the Senior Lien Interest Account and second, to the Senior Lien Principal Account. Should amounts in either the Senior Lien Interest Account or the Senior Lien Principal Account be insufficient to make payments when due, such amounts shall be allocated pro rata between the Senior Lien Debt based on the amount then due and payable on such Senior Lien Debt.

SECTION 6.04 Establishment and Application of Subordinate Obligations Fund. Subject to Section 6.08(a) herein, the Trustee shall establish, maintain and hold in trust a separate fund designated as the “Subordinate Obligations Fund” and within such fund, the accounts to be established pursuant to Section 6.02(a)(4)-(5) hereof. After the other transfers required pursuant to Section 6.02 hereof have been made, the Trustee shall transfer to the Subordinate Obligations Fund an amount necessary to be applied to the payment of Subordinate Obligations in accordance with, and upon the written direction of, the Issuer, such written direction to be provided by the Issuer prior to or concurrently with any transfer of Revenues to the Trustee pursuant to Section 6.01 hereof. Amounts in the Subordinate Obligations Fund shall be used to pay Subordinate

Obligations when due. Should amounts in the Subordinate Obligations Fund be insufficient to make payments when due, such amounts shall be allocated as provided in Section 6.02(a)(4)-(5).

SECTION 6.05 Establishment and Application of Junior Obligations Fund. Subject to Section 7.06(a) herein, the Trustee shall establish, maintain and hold in trust a separate fund designated as the “Junior Obligations Fund” and within such fund, the accounts to be established pursuant to Section 6.02(a)(6)-(7) hereof. After the other transfers required pursuant to Section 6.02 hereof have been made, the Trustee shall transfer to the Junior Obligations Fund an amount necessary to be applied to the payment of Junior Obligations in accordance with, and upon the written direction of, the Issuer, such written direction to be provided by the Issuer prior to or concurrently with any transfer of Revenues to the Trustee pursuant to Section 6.01 hereof. Amounts in the Junior Obligations Fund shall be used to pay Junior Obligations when due. Should amounts in the Junior Obligations Fund be insufficient to make payments when due, such amounts shall be allocated as provided in Section 6.02(a)(6)-(7).

SECTION 6.06 Payment Provisions Applicable to Interest Rate Swap Agreements. In the event the Issuer shall enter into an Interest Rate Swap Agreement, the amounts received by the Issuer, if any, pursuant to such Interest Rate Swap Agreement shall also be transferred to the Sales Tax Revenue Fund and applied to the deposits required under Section 6.02. If the Issuer so designates in a Supplemental Indenture establishing the terms and provisions of such Series of Senior Lien Bonds (or if such Interest Rate Swap Agreement is entered into subsequent to the issuance of such Series of Senior Lien Bonds, if the Issuer so designates in a Certificate of the Issuer delivered to the Trustee concurrently with the execution of such Interest Rate Swap Agreement), regularly-scheduled payments payable under such Interest Rate Swap Agreement (excluding Swap Termination Payments and payments of fees and expenses incurred in connection with Interest Rate Swap Agreements, which shall in all cases be payable from, and secured by, Revenues as Junior Obligations) shall constitute Senior Lien Obligations under this Indenture, and, in such event, the Issuer shall pay or cause to be paid to the Trustee for deposit in the Senior Lien Interest Fund, at the times and in the manner provided by Section 6.02, the amounts to be paid pursuant to such Interest Rate Swap Agreement, as if such amounts were additional interest due on the Series of Senior Lien Bonds to which such Interest Rate Swap Agreement relates, and the Trustee shall pay to the Counterparty to such Interest Rate Swap Agreement, to the extent required thereunder, from amounts deposited in the Senior Lien Interest Account (or subaccount therein from which interest on the Series of Senior Lien Bonds with respect to which such Interest Rate Swap Agreement was entered into is paid).

SECTION 6.07 Investment by the Issuer. All moneys in any of the funds or accounts established and held by the Issuer pursuant to this Indenture shall be invested by the Issuer in Investment Securities or in any other investments permitted for the investment of funds of the Issuer under the Law.

SECTION 6.08 Investment by the Trustee. All moneys in any of the funds or accounts established and held by the Trustee pursuant to this Indenture shall be invested, as directed in writing by the Issuer, solely in Investment Securities. All Investment Securities shall, as directed by the Issuer in writing, be acquired by the Trustee subject to the limitations set forth in Section 8.06 hereof, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by

Request of the Issuer and not inconsistent with the duties of the Trustee hereunder, as determined solely by the Issuer. If and to the extent the Trustee does not receive investment instructions from the Issuer with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be invested in Investment Securities described in clause (xiv) of the definition thereof, and the Trustee shall thereupon promptly request written investment instructions from the Issuer for such moneys.

Moneys in the funds and accounts established under this Indenture shall be invested in Investment Securities maturing or available on demand not later than the date on which the Issuer estimates that such moneys will be required by the Trustee.

All interest, profits and other income received from the investment of moneys in any fund or account (other than the Senior Lien Bond Rebate Fund, any other rebate fund established under a Supplemental Indenture, any Senior Lien Bonds Project Fund, any Senior Lien Bonds Costs of Issuance Fund, any Senior Lien Reserve Fund, any Subordinate Obligations Reserve Fund, and any Junior Obligations Reserve Fund) shall be transferred to the Sales Tax Revenue Fund, unless amounts in such fund or account have been allocated to or are attributable to particular Senior Lien Debt, Subordinate Obligations or a particular Junior Obligation, in which case such amounts shall be deposited in the fund, account or subaccount from which interest on such Senior Lien Debt, Subordinate Obligations or Junior Obligation is paid when received. All interest, profits and other income received from the investment of moneys in the Senior Lien Bond Rebate Fund, any other rebate fund established under a Supplemental Indenture, any Senior Lien Bonds Project Fund, any Senior Lien Bonds Costs of Issuance Fund, any Senior Lien Reserve Fund, any Subordinate Obligations Reserve Fund and any Junior Obligations Reserve Fund shall be deposited in such respective fund, except as provided in Section 8.06. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (other than the Senior Lien Bond Rebate Fund and any other rebate funds established under a Supplemental Indenture) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment and may impose its customary charge therefor. The Trustee may, upon consultation with the Issuer, sell or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment or redemption.

The Issuer may, and the Trustee shall, upon the Request of the Issuer, enter into a financial futures or financial option contract or swap with an entity the debt securities of which are rated not less than the second highest long-term rating categories by any Rating Agency. The Issuer shall provide twenty (20) days' written notice to the Rating Agencies then rating any Senior Lien Bonds before filing such a Request, and the Trustee shall provide notice of the closing of any such

financial futures or financial option contract or swap to such Rating Agencies on the closing date thereof.

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

The Trustee shall not be responsible for any losses resulting from investments made under this Indenture.

The Trustee shall keep proper books of record and accounts containing complete and correct entries of all transactions made by it relating to the receipt, disbursement, allocation and application of the moneys hereunder, including moneys derived from, pledged to, or to be used to make payments on any Indenture Obligations. Such records shall specify the account or fund to which such moneys are to be allocated.

ARTICLE VII OTHER FUNDS AND ACCOUNTS

SECTION 7.01 Establishment and Application of Senior Lien Bonds Project Fund. Proceeds of Senior Lien Bonds which are to be used to pay Costs of the Projects shall be deposited into a Fund or Funds (including any accounts or subaccounts therein) which individually and collectively shall be designated the “Senior Lien Bonds Project Fund,” which shall be held by the Trustee, all as provided by this Indenture and the relevant Supplemental Indenture or Supplemental Indentures. All moneys in a Senior Lien Bonds Project Fund shall be disbursed as provided in the Supplemental Indenture or Supplemental Indentures under which such Fund or Funds were created.

SECTION 7.02 Establishment and Application of Senior Lien Bonds Costs of Issuance Fund. Proceeds of Senior Lien Bonds which are to be used to pay Costs of Issuance shall be deposited into a fund or funds (including any accounts or subaccounts therein) which individually and collectively shall be designated the “Senior Lien Bonds Costs of Issuance Fund,” which shall be held by the Trustee, all as provided by this Indenture and the relevant Supplemental Indenture or Supplemental Indentures. All moneys in a Senior Lien Bonds Costs of Issuance Fund shall be disbursed as provided in the Supplemental Indenture or Supplemental Indentures under which such fund or funds were created.

SECTION 7.03 Establishment and Application of Senior Lien Reserve Funds. Funds securing a Series of Senior Lien Bonds or a Senior Lien Obligation, or multiple Series of Senior Lien Bonds and/or Senior Lien Obligations, may be established and held by the Trustee as provided in a Supplemental Indenture or Indentures. Deposits into and application of funds in any such fund shall be governed by the Supplemental Indenture or Supplemental Indentures under which such fund or funds were created.

SECTION 7.04 Establishment and Application of Subordinate Obligations Reserve Funds. Funds securing a Series of Subordinate Obligations, or multiple Series of Subordinate

Obligations, may be established and held by the Trustee as provided in a Supplemental Indenture or Indentures. Deposits into and application of funds in any such fund shall be governed by the Supplemental Indenture or Supplemental Indentures under which such fund or funds were created.

SECTION 7.05 Establishment and Application of Junior Obligations Reserve Funds. Funds securing a Series of Junior Obligations, or multiple Series of Junior Obligations, may be established and held by the Trustee as provided in a Supplemental Indenture or Supplemental Indentures. Deposits into and application of funds in any such fund shall be governed by the Supplemental Indenture or Supplemental Indentures under which such fund or funds were created.

SECTION 7.06 Establishment of Initial Funds and Accounts; Additional Funds and Accounts.

(a) Notwithstanding any provision to the contrary herein, the Trustee shall only be required to establish funds and accounts with respect to Senior Lien Debt (other than the Senior Lien Bonds Project Fund) as required herein, and the Trustee shall not create any fund or account with respect to Subordinate Obligations or Junior Obligations unless and until it is directed to do so by the Issuer pursuant to a Certificate of the Issuer or pursuant to a Supplemental Indenture requiring the establishment of such additional funds and accounts.

(b) In addition, the Issuer may direct the Trustee to establish, maintain and hold in trust additional funds, accounts and subaccounts for such purposes as the Issuer deems appropriate, including separate funds available only for specified Senior Lien Bonds, Senior Lien Obligations, Subordinate Obligations or Junior Obligations; provided that Revenues shall not be used to make deposits in any such additional funds, accounts or subaccounts before the deposits set forth in Section 6.02(a)(1)-Section 6.02(a)(8) have been made. Notwithstanding the foregoing and for the avoidance of doubt, additional funds, accounts and subaccounts may be created within the funds, accounts and subaccounts that are established by this Indenture and deposits may be made to any such funds, accounts and subaccounts through the same flow of funds as set forth in Section 6.02(a)(1) to Section 6.02(a)(7) in compliance with the provisions of this Indenture.

ARTICLE VIII COVENANTS OF THE ISSUER

SECTION 8.01 Punctual Payment. The Issuer covenants and agrees that it will duly and punctually pay or cause to be paid from the Revenues hereinabove described and to the extent thereof the principal of, premium, if any, and interest on all Senior Lien Bonds, Senior Lien Obligations, Subordinate Obligations and Junior Obligations at the places and on the dates and in the manner specified herein and in the Supplemental Indentures or other agreements pursuant to which such obligations were incurred, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained herein and in such Supplemental Indentures and other agreements and the Issuer agrees that time is of the essence of this Indenture, provided that the Issuer's obligation to make payments pursuant hereto shall be limited to payment from the Revenues, the funds, accounts and subaccounts pledged therefor in this Indenture and any other source which the Issuer may specifically provide for such purpose and no Holder shall have any right to force payment from any other funds of the Issuer.

SECTION 8.02 Collection of Sales Tax Revenues.

(a) The Issuer covenants and agrees that it has duly levied the Sales Tax in accordance with the Law and pursuant to and in accordance with the Ordinance, which Sales Tax was approved by more than a two-thirds vote of the electorate of the County. The Issuer covenants and agrees that so long as Indenture Obligations remain Outstanding, it shall not amend, modify or alter the Ordinance in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues. The Issuer further covenants that it will continue to levy and collect the Sales Tax to the full amount permitted by the Law, the Ordinance and other applicable law. The Issuer further covenants that it will take such actions as required to cause the CDFTA to process and supervise collection of said transactions and use taxes and to transmit Sales Tax Revenues directly to the Trustee. Said agreement will be continued in effect so long as any Indenture Obligation is Outstanding and shall not be amended, modified or altered in any manner that would affect the remittance of the Sales Tax Revenues directly to the Trustee or would adversely affect the rights, remedies or security of the Holder of any Indenture Obligation without the written consent of the Trustee so long as any Indenture Obligation remains Outstanding. The Issuer will receive and hold in trust for (and remit immediately to) the Trustee any Sales Tax Revenues paid to the Issuer by the CDFTA.

(b) Sales Tax Revenues received by the Trustee shall be transmitted to the Issuer under the terms and conditions set forth in ARTICLE VIII; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied as provided in Section 9.03.

(c) The Issuer covenants and agrees to separately account for all Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances, provided, however, that the Trustee shall have no obligation to inspect such accounting records and shall not be deemed to have any notice of any information contained in such accounting records or circumstances which might constitute an Event of Default which may be disclosed therein.

(d) The Issuer covenants that so long as any Indenture Obligations remain Outstanding, it will comply with the Law and the Ordinance and will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Law, which would materially and adversely affect the rights of Holders of any of the Indenture Obligations.

SECTION 8.03 Maintenance of Powers. The Issuer covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to the Law and all other laws and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Indenture Obligations or the performance or observance of any of the covenants herein contained.

SECTION 8.04 No Adverse Action. The Issuer covenants that it will not take any action which will have a material adverse effect upon the Revenues, as herein pledged, or have a material adverse effect upon the pledge of the Revenues made herein or the rights of the Holders of any Indenture Obligations. The Issuer shall be unconditionally and irrevocably obligated, so

long as any Indenture Obligations are Outstanding, to take all lawful action necessary or required to continue to entitle the Issuer to receive the Revenues at the same rates as now provided by law to pay from the Revenues the principal of and interest on the Indenture Obligations and to make the other payment provided for herein.

SECTION 8.05 Waiver of Laws. The Issuer will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law or right at immunity now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture, in any Senior Lien Bond, in any Subordinate Obligation or Junior Obligation, and all benefit or advantage of any such law or laws is hereby expressly waived by the Issuer to the extent permitted by law.

SECTION 8.06 Tax Covenants Relating to Tax-Exempt Senior Lien Bonds. With respect to the issuance of any Tax-Exempt Senior Lien Bonds, the Supplemental Indenture providing for the issuance of such Tax-Exempt Senior Lien Bonds shall establish the funds and accounts, including a rebate fund, necessary to comply with the requirements under Section 103 of the Code and the Senior Lien Bonds Tax Certificate in order to maintain the exclusion from gross income of the interest on the Tax-Exempt Senior Lien Bonds. In addition, the Issuer covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on any Tax-Exempt Senior Lien Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Issuer shall comply with all requirements and covenants contained in the Senior Lien Bonds Tax Certificates.

Notwithstanding any provision of this Section 8.06 hereof, if the Issuer shall receive an Opinion of Bond Counsel to the effect that any action required under the applicable Senior Lien Bonds Tax Certificate or this Section 8.06 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the related Tax-Exempt Senior Lien Bonds pursuant to Section 103 of the Code, the Issuer and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 8.07 Further Assurances. The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures, and such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all the rights and obligations of the Issuer under and pursuant to this Indenture.

SECTION 8.08 Compliance with Ordinance. The Issuer hereby covenants to comply with and to carry out the provisions of the Ordinance, including, without limitation, to allocate the Sales Tax (including the proceeds of bonds secured by Sales Tax) for the uses and in accordance with the Ordinance and the Law.

ARTICLE IX
EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01 Senior Lien Events of Default. The following events shall be Senior Lien Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Senior Lien Bonds when and as the same shall become due and payable, whether at maturity, upon acceleration or by declaration;

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

(c) if any payment default shall exist under any agreement governing any Senior Lien Obligations and shall continue beyond the grace period, if any, provided for with respect to such default;

(d) if the Issuer shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in Section 9.01(a), (b) or (c) hereof, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Issuer by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the Issuer has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Issuer shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(e) if the Issuer files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

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

(g) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the Revenues, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control.

SECTION 9.02 Subordinate Obligations and Junior Obligations Events of Default. The following events shall be Subordinate Obligations Events of Default and Junior Obligations Events of Default:

(a) default in the due and punctual payment of the principal of the Subordinate Obligations or Junior Obligations when and as the same shall become due and payable, whether at maturity, upon acceleration or by declaration;

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

(c) the occurrence of an Event of Default (as such term is defined in the Credit Agreement) under any Credit Agreement, if any;

(d) if any payment default shall exist under any agreement governing any Subordinate Obligations or Junior Obligations and shall continue beyond the grace period, if any, provided for with respect to such default.

SECTION 9.03 Application of the Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, to the fullest extent permitted by law, the Issuer shall immediately transfer all Revenues held by it to the Trustee, and the Trustee shall apply all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (except as otherwise provided in this Indenture) as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Indenture Obligations, including the costs and expenses of the Trustee and such Holders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Indenture, provided, however, that if the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law;

(2) To the payment to the persons entitled thereto of all installments of interest then due on the Senior Lien Debt, with interest on overdue installments, if lawful, at the rate per annum borne by the Senior Lien Debt, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment;

(3) To the payment to the persons entitled thereto of the unpaid principal of any of the Senior Lien Debt which shall have become due with interest on such Senior Lien Debt at their respective rate from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Senior Lien Debt due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among Holders of Senior Lien Debt;

(4) To the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, with interest on overdue installments, if lawful,

at the rate per annum borne by the Subordinate Obligations, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment;

(5) To the payment to the persons entitled thereto of the unpaid principal of any of the Subordinate Obligations which shall have become due with interest on such Subordinate Obligations at their respective rate from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Subordinate Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among Holders of Subordinate Obligations;

(6) To the payments to persons entitled thereto of amounts then due on Junior Obligations as provided in the Supplemental Indentures pursuant to which such Junior Obligations were issued.

Notwithstanding the foregoing provisions of this Section 9.03, in no event are any Indenture Obligations subject to acceleration if any Event of Default occurs and is continuing; provided, however, that (a) the accelerated payment of Liquidity Facility Bonds or reimbursement obligations relating to Liquidity Facility Bonds pursuant to the term-out provisions of any related Liquidity Facility, Credit Enhancement, letter of credit reimbursement agreement or similar agreement between the Issuer and the related Liquidity Provider shall not be considered to be an acceleration for purposes of this paragraph, and (b) Subordinate Obligations and Junior Obligations may be subject to acceleration as provided in the Supplemental Indenture pursuant to which any future Subordinate Obligations or Junior Obligations may be issued. For the avoidance of doubt, upon an event of default under the Credit Agreement, any Lender shall have all rights and remedies set forth therein.

SECTION 9.04 Trustee to Represent Holders. The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Indenture Obligations, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Indenture Obligations for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Indenture Obligations, this Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Holders, the Trustee in its discretion may, and, upon the written request of the Holders of not less than a majority in aggregate amount of Bond Obligation of the Senior Lien Bonds then Outstanding or a majority in aggregate principal amount of the Subordinate Obligations then Outstanding (or, with respect to a Subordinate Obligations Event of Default, the written request of the Holders of not less than a majority in aggregate principal amount of the Subordinate Obligations then Outstanding, or, with respect to a Junior Obligations Event of Default, the written request of the Holders of not less than a majority in aggregate principal amount of the Junior Obligations then Outstanding), and being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any

covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under this Indenture, the Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Sales Tax Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Senior Lien Bonds, the Senior Lien Obligations, the Subordinate Obligations or the Junior Obligations or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Senior Lien Bonds, the Senior Lien Obligations, the Subordinate Obligations or the Junior Obligations or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of the Senior Lien Bonds, the Senior Lien Obligations, the Subordinate Obligations and the Junior Obligations, subject to the provisions of this Indenture (including Section 9.06).

SECTION 9.05 Direction of Proceedings.

(a) Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate amount of Bond Obligation of the Senior Lien Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder for the benefit of the Senior Lien Bonds with respect to any Senior Lien Event of Default; provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders of the Senior Lien Bonds not parties to such direction.

(b) Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Subordinate Obligations then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder for the benefit of the Subordinate Obligations with respect to any Senior Lien Event of Default or any Subordinate Obligations Event of Default; provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders of Subordinate Obligations not parties to such direction.

SECTION 9.06 Limitation on Right to Sue. No Holder of any Indenture Obligation shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other applicable law with respect to such Indenture Obligation, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) with respect to a Senior Lien Event of Default the Holders of not less than a majority in aggregate amount of Bond Obligation of the

Senior Lien Bonds then Outstanding or the Holders of a majority in aggregate principal amount of the Subordinate Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) with respect to a Subordinate Obligations Event of Default, the Holders of not less than a majority in aggregate principal amount of such Subordinate Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (4) with respect to a Junior Obligations Event of Default, the Holders of not less than a majority in aggregate principal amount of such Junior Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (4) the applicable Holder or Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (5) the Trustee shall have refused or omitted to comply with such request for a period of 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 Holder of any Indenture Obligation of any remedy hereunder or under law; it being understood and intended that (1) no one or more Holders of Senior Lien Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Holders of Senior Lien Debt, (2) no one or more Holders of Subordinate Obligations shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Holders of Subordinate Obligations, and (3) no one or more Holders of Indenture Obligations shall have the right in any manner whatever by his or their action to enforce any right under this Indenture, the Law or other applicable law with respect to the Indenture Obligations, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Indenture Obligations then Outstanding, subject to the provisions of this Indenture.

SECTION 9.07 Absolute Obligation of the Issuer. Nothing in Section 9.06 or in any other provision of this Indenture, or in the Senior Lien Bonds or in any Subordinate Obligation or Junior Obligation, shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal and Redemption Price of and interest on the Senior Lien Bonds and to pay amounts owing with respect to other Indenture Obligations when due and payable by their terms, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the applicable Indenture Obligation.

SECTION 9.08 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Holders of Indenture Obligations on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Holders, then in every such case the Issuer, the Trustee and such Holders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Issuer, the Trustee and such Holders shall continue as though no such proceedings had been taken.

SECTION 9.09 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of Indenture Obligations is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 9.10 No Waiver of Default. No delay or omission of the Trustee or of any Holder of any Indenture Obligation to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Holder of any Indenture Obligation may be exercised from time to time and as often as may be deemed expedient.

ARTICLE X THE TRUSTEE

SECTION 10.01 Appointment: Duties, Immunities and Liabilities of Trustee.

(a) U.S. Bank National Association is hereby appointed as Trustee under this Indenture and hereby accepts the duties imposed upon it as Trustee hereunder and hereby agrees to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of an Event of Default (which had 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 his or her own affairs.

(b) The Issuer may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing; the Issuer shall remove the Trustee if at any time it is requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the Bond Obligation of the Senior Lien Bonds (or their attorneys duly authorized in writing), and the Issuer shall remove the Trustee if at any time the Trustee shall cease to be eligible in accordance with Section 10.01(e) hereof, 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 by giving written notice of such removal to the Trustee. Upon any removal of the Trustee, the Issuer shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Issuer and by giving the Holders of Senior Lien Bonds and any Subordinate Obligation or Junior Obligation, if any, notice of such resignation by mail at the address shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an instrument in writing, with the prior written consent of the Owners of no less than a majority in aggregate principal amount of the Senior Lien Bonds at the time Outstanding.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within sixty (60) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Senior Lien Bondholder (on behalf of himself and all other Senior Lien Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture 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 Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Issuer shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Owners.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank having the powers of a trust company or a trust company or a bank authorized to exercise trust powers, having a combined capital and surplus of at least one hundred million dollars (\$100,000,000), subject to supervision or examination by federal or state authority. If such bank or trust company 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 bank or trust company 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 Section 10.01(e), the Trustee shall resign promptly in the manner and with the effect specified in this Section.

SECTION 10.02 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 10.01(e) hereof, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 10.03 Liability of Trustee.

(a) The recitals of facts herein and in the Indenture Obligations contained shall be taken as statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture or of the Indenture Obligations as to the sufficiency of the Revenues or the priority of the lien of this Indenture thereon, or as to the financial or technical feasibility of any portion of the Project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressed herein or in the Indenture Obligations. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Indenture Obligation and may join in any action which any Owner of the Indenture Obligation may be entitled to take, with like effect as if the Trustee was not the Trustee under this Indenture. The Trustee may in good faith hold any other form of indebtedness of the Issuer, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Issuer and make disbursements for the Issuer and enter into any commercial or business arrangement therewith, without limitation.

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority of the Bond Obligation of the Senior Lien Bonds (or such other percentage of Bond Obligation of Senior Lien Bonds as shall be provided in the applicable Supplemental Indenture) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders of the Indenture Obligations pursuant to the provisions of this Indenture, including, without limitation, the provisions of ARTICLE IX hereof, unless such Holders shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) 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 or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not assured to its satisfaction.

(f) The Trustee shall not be deemed to have knowledge of and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in Section 9.01(a), Section 9.01(b), Section 9.01(c), Section 9.02(a), Section 9.02(b) or Section 9.02(d) hereof) or event which would, with the giving of notice, the passage of time or

both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the Issuer or the Owners of a majority of the Bond Obligation of the Senior Lien Bonds. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the Issuer of the terms, conditions, covenants or agreements set forth in ARTICLE IX hereof, other than the covenants of the Issuer to make payments with respect to the Indenture Obligations when due as set forth in Section 8.01 hereof and to file with the Trustee when due, such reports and certifications as the Issuer is required to file with the Trustee hereunder.

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

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

(i) The Trustee shall not be responsible for:

(1) the application or handling by the Issuer of any moneys transferred to the Issuer, pursuant to Request of the Issuer or otherwise, in accordance with the terms and conditions hereof;

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

(3) any error or omission by the Issuer in making any computation or giving any instruction pursuant to Section 8.06 hereof and may rely conclusively on any computations or instructions furnished to it by the Issuer in connection with the requirements of Section 8.06 hereof and the Senior Lien Bonds Tax Certificate; or

(4) the construction, operation or maintenance of any portion of the Project.

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

SECTION 10.04 Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, counsel of or to the Issuer, 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 it hereunder in good faith and in accordance therewith.

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 Certificate of the Issuer, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Trustee may also rely conclusively on any report or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the Issuer or selected by the Trustee with due care in connection with matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's reasonable understanding of such instructions shall be deemed controlling. 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 instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

SECTION 10.05 Compensation and Indemnification of Trustee. The Issuer covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Issuer will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The Issuer, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including reasonable costs and expenses (including reasonable attorneys' fees and expenses) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Issuer under this Section 10.05 shall survive the discharge of the Indenture Obligations and this Indenture and the resignation or removal of the Trustee.

**ARTICLE XI
MODIFICATION OR AMENDMENT OF THIS
INDENTURE**

SECTION 11.01 Amendments Permitted.

(a) This Indenture and the rights and obligations of the Issuer, the Holders of the Indenture Obligations and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Issuer and the Trustee may enter into when the written consent of the Holders of a majority in aggregate amount of Bond Obligation of the Senior Lien Bonds and the Holders of a majority in aggregate principal amount of the Subordinate Obligations then Outstanding shall have been filed with the Trustee; provided that (1) if such modification affects only the Senior Lien Bonds, the consent of the Holders of Subordinate Obligations shall not be required; (2) if such modification affects only the Subordinate Obligations, the consent of the Holders of the Senior Lien Bonds shall not be required; (3) if such modification affects only one or more particular Series of Senior Lien Bonds, only the consent of the Holders of a majority in aggregate amount of Bond Obligation of such Series of Senior Lien Bonds shall be required; (4) if such modification affects only a portion of the Subordinate Obligations, only the consent of the Holders of a majority in aggregate principal amount of such portion of the Subordinate Obligations then Outstanding shall be required; and (5) if such modification or amendment will, by its terms, not take effect so long as any particular Senior Lien Bonds or any particular Subordinate Obligations remains Outstanding, the consent of the Holders of such Senior Lien Bonds or Subordinate Obligations shall not be required and such Senior Lien Bonds and such Subordinate Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Senior Lien Bonds or Subordinate Obligations Outstanding under this Section.

No such modification or amendment shall (a) extend the maturity of any Indenture Obligation, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Indenture Obligation, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Indenture Obligation so affected, or (b) reduce the aforesaid percentage of Bond Obligation or principal amount the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Holders of any Indenture Obligation of the lien created by this Indenture on such Revenues and other assets (in each case, except as expressly provided in this Indenture), without the consent of the Holders of all affected Indenture Obligations then Outstanding. It shall not be necessary for the consent of the Holders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution and delivery by the Issuer and the Trustee of any Supplemental Indenture pursuant to this Section 11.01(a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Holders of the Indenture Obligations at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

No modification to the interest rate, increase or decrease in principal amount, maturity date or payment terms of any then-Outstanding Senior Lien Bond and no modification of the conditions to issuance of Senior Lien Bonds or Senior Lien Obligations shall be deemed to affect the Holders of Subordinate Obligations, and no modification to the interest rate, increase or decrease in principal amount, maturity date or payment terms of any then-Outstanding Subordinate Obligations shall be deemed to affect the Holders of Senior Lien Bonds. Amendments to the requirements to issue Subordinate Obligations or to the rights of holders of Subordinate Obligations shall not be deemed to affect the Holders of the Senior Lien Bonds, it being understood that with respect to any amendment that increases principal amounts as referred to in this paragraph, such amendment shall comply with the applicable requirements of this Indenture with respect thereto.

(b) This Indenture and the rights and obligations of the Issuer, of the Trustee and of the Holders of any Indenture Obligations may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Issuer and the Trustee may enter into without the consent of any Holders, but only to the extent that such modification or amendment is permitted by the Law and does not materially and adversely affect the interests of the Holders of the Senior Lien Bonds or the Subordinate Obligations and only for any one or more of the following purposes:

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

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Issuer may deem necessary or desirable, and which shall not materially and adversely affect the interests of the Holders of the Senior Lien Bonds or the Subordinate Obligations or the Junior Obligations;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially and adversely affect the interests of the Holders of the Senior Lien Bonds or the Subordinate Obligations or the Junior Obligations;

(4) to provide for the issuance of an additional Series of Senior Lien Bonds or Senior Lien Obligations pursuant to the provisions of ARTICLE III hereof;

(5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Capital Appreciation Bonds, Senior Lien Obligations, Subordinate Obligations, Junior Obligations or Variable Rate Indebtedness, with such interest rate, payment, maturity and other terms as the Issuer may deem desirable; subject to the provisions of ARTICLE II, ARTICLE III and ARTICLE V; provided that

no such amendment shall materially and adversely affect the interests of any Holder of any Senior Lien Bonds;

(6) to make modifications or adjustments necessary, appropriate or desirable to provide for change from one interest rate mode to another in connection with any Indenture Obligation;

(7) to provide for any additional covenants or agreements necessary to maintain the tax-exempt status of, or any federal subsidy with respect to, interest on any Indenture Obligation;

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

(9) to modify, alter, amend or supplement this Indenture in any other respect, including amendments that would otherwise be described in Section 11.01(a), if the effective date of such amendments is a date on which all Senior Lien Bonds and/or Subordinate Obligations affected thereby are subject to mandatory tender for purchase pursuant to the provisions of this Indenture or if notice of the proposed amendments is given to Holders of the affected Senior Lien Bonds and/or Subordinate Obligations at least 30 days before the proposed effective date of such amendments and, on or before such effective date, such Holders have the right to demand purchase of their Senior Lien Bonds and/or Subordinate Obligations pursuant to the provisions of this Indenture; and

(10) for any other purpose that does not materially and adversely affect the interests of the Holders of the Senior Lien Bonds or the Subordinate Obligations.

For the avoidance of doubt, the issuance of any Indenture Obligation in accordance with the terms of this Indenture shall not in and of itself be deemed to materially and adversely affect the interests of the Holders of any other Indenture Obligations.

The execution and delivery of any Supplemental Indenture in accordance with this Section 11.01 shall be deemed not to materially adversely affect the interest of Holders of Senior Lien Bonds or the Holders of Subordinate Obligations, as applicable, to the extent that (i) such Holders' Senior Lien Bonds or Subordinate Obligations are secured by Credit Enhancement and (ii) the relevant Credit Provider shall have given its written consent to such Supplemental Indenture; provided that such Credit Provider is not in default of its obligations under such Credit Enhancement.

SECTION 11.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Indenture Obligations Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 11.03 Endorsement of Indenture Obligations; Preparation of New Indenture Obligations. Indenture Obligations delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Holder of any Indenture Obligation Outstanding at the time of such execution and presentation of his Indenture Obligation for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Indenture Obligation. If the Supplemental Indenture shall so provide, new Indenture Obligations so modified as to conform, in the opinion of the Issuer and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Issuer and authenticated by the Trustee, and upon demand of the Holders of any Indenture Obligations then Outstanding shall be exchanged at the Corporate Trust Office, without cost to any Holder, for Indenture Obligations then Outstanding, upon surrender for cancellation of such Indenture Obligations, in equal aggregate principal amounts of the same Series, tenor and maturity.

SECTION 11.04 Amendment of Particular Indenture Obligation. The provisions of this Article shall not prevent any Holder from accepting any amendment as to the particular Indenture Obligation held by him, provided that due notation thereof is made on such Indenture Obligation.

ARTICLE XII DEFEASANCE OF SENIOR LIEN BONDS

SECTION 12.01 Discharge of Indenture. Senior Lien Bonds of any Series or a portion thereof may be paid by the Issuer in any of the following ways:

- (a) by paying or causing to be paid the Bond Obligation of and interest on such Outstanding Bonds, as and when they become due and payable;
- (b) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 12.03) to pay or redeem such Outstanding Senior Lien Bonds; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding Senior Lien Bonds.

If the Issuer shall pay all Series for which any Senior Lien Bonds are Outstanding and also pay or cause to be paid all other sums payable hereunder by the Issuer, then and in that case, at the election of the Issuer (evidenced by a Certificate of the Issuer, filed with the Trustee, signifying the intention of the Issuer to discharge all such Series of Senior Lien Bonds and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Issuer under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Issuer, the Trustee shall cause an accounting for such period or periods as may be requested by the Issuer to be prepared and filed with the Issuer and shall execute and deliver to the Issuer all such instruments

as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Issuer all moneys or securities or other property held by it pursuant to this Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm, are not required for the payment or redemption of Senior Lien Bonds not theretofore surrendered for such payment or redemption.

SECTION 12.02 Discharge of Liability on Senior Lien Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 12.03) to pay or redeem any Outstanding Senior Lien Bond (whether upon or prior to its maturity or the redemption date of such Senior Lien Bond), provided that, if such Senior Lien Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Section 4.02 provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Issuer in respect of such Senior Lien Bond shall cease, terminate and be completely discharged, provided that the Holder thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Senior Lien Bonds, and the Issuer shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment.

If the Senior Lien Bonds being discharged are Variable Rate Indebtedness, (i) the Senior Lien Bonds shall be redeemed at the first possible redemption date or purchase date applicable to such Senior Lien Bonds and to the extent the rate of interest payable on such Senior Lien Bonds prior to such redemption or purchase date is not known, such rate of interest shall be assumed to be the Maximum Rate payable thereon or (ii) the Trustee shall receive a confirmation from the Rating Agency then rating the Senior Lien Bonds that the defeasance will not result in the reduction or withdrawal of the then-current ratings on the Senior Lien Bonds.

The Issuer may at any time surrender to the Trustee for cancellation by it any Senior Lien Bonds previously issued and delivered, which the Issuer may have acquired in any manner whatsoever, and such Senior Lien Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Notwithstanding anything in this Section 12.02 to the contrary, if the principal of or interest on a Series of Senior Lien Bonds shall be paid by a Credit Provider pursuant to the Credit Enhancement issued in connection with such Series of Senior Lien Bonds, the obligations of the Issuer shall not be deemed to be satisfied or considered paid by the Issuer by virtue of such payments, and the right, title and interest of the Issuer herein and hereto and the obligations of the Issuer hereunder shall not be discharged and shall continue to exist and to run to the benefit of such Credit Provider, and such Credit Provider shall be subrogated to the rights of the Holders of the Senior Lien Bonds of such Series.

SECTION 12.03 Deposit of Money or Securities. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay or redeem any Senior Lien Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Senior Lien Bonds and all unpaid interest thereon to maturity, except that, in the case of Senior Lien Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Section 4.02 provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Senior Lien Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Securities the principal of and interest on which when due will, in the opinion of an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm delivered to the Trustee (as confirmed by a verification report upon which verification report the Trustee may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Senior Lien Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Senior Lien Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Section 4.02 provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Issuer) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Senior Lien Bonds.

SECTION 12.04 Payment of Senior Lien Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Senior Lien Bond and remaining unclaimed for [one year] after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or [one year] after the date of deposit of such principal, Redemption Price or interest on any Senior Lien Bond if such moneys were deposited after the date when such Senior Lien Bond became due and payable, shall be repaid to the Issuer free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Issuer as aforesaid, the Trustee may (at the cost of the Issuer) first mail to the Holders of any Senior Lien Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Senior Lien Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Issuer of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Senior Lien Bonds, whether at redemption or maturity, shall be held in trust for the account of the Holders thereof and the Trustee shall not be required to pay Holders any interest on, or be liable to the Holders or any other person (other than the Issuer) for interest earned on, moneys so held. Any interest earned thereon shall belong to the Issuer and shall be deposited upon receipt by the Trustee into the Sales Tax Revenue Fund.

SECTION 12.05 Applicability to Senior Lien Obligations. For the avoidance of doubt, the provisions of this ARTICLE XII shall also apply to any Senior Lien Obligations that are not Senior Lien Bonds.

ARTICLE XIII
DEFEASANCE OF SUBORDINATE OBLIGATIONS AND JUNIOR OBLIGATIONS

SECTION 13.01 Payment of Subordinate Obligations. A Subordinate Obligation or a portion thereof may be paid by the Issuer as provided in the Supplemental Indenture pursuant to which such a Subordinate Obligation is issued.

SECTION 13.02 Discharge of Liability on a Subordinate Obligation. Except as otherwise provided in the Supplemental Indenture pursuant to which a Subordinate Obligation is issued, upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 13.03 hereof) to pay the applicable Subordinate Obligation, then all liability of the Issuer in respect of the applicable Subordinate Obligation shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and interest on the applicable Subordinate Obligation as provided in the applicable Supplemental Indenture or, if applicable, Credit Agreement, and the Issuer shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment, subject, however, to the provisions of Section 13.04 hereof and the continuing duties of the Trustee hereunder.

If the Subordinate Obligations being discharged are Variable Rate Indebtedness, (i) the Subordinate Obligations shall be redeemed at the first possible redemption date or purchase date applicable to such Subordinate Obligations and to the extent the rate of interest payable on such Subordinate Obligations prior to such redemption or purchase date is not known, such rate of interest shall be assumed to be the Maximum Rate payable thereon or (ii), but only if applicable, the Trustee shall receive a confirmation from the Rating Agency then rating the Subordinate Obligations that the defeasance will not result in the reduction or withdrawal of the then-current ratings on the Subordinate Obligations, if any.

The Issuer may at any time surrender to the Trustee for cancellation by it the applicable Subordinate Obligation previously issued and delivered, which the Issuer may have acquired in any manner whatsoever, and the Subordinate Obligation, upon such surrender and cancellation, shall be deemed to be paid and retired.

Notwithstanding anything in this Section 13.02 to the contrary, if the principal of or interest on a Series of Subordinate Obligations shall be paid by a Credit Provider pursuant to the Credit Enhancement issued in connection with such Series of Subordinate Obligations, the obligations of the Issuer shall not be deemed to be satisfied or considered paid by the Issuer by virtue of such payments, and the right, title and interest of the Issuer herein and hereto and the obligations of the Issuer hereunder shall not be discharged and shall continue to exist and to run to the benefit of such Credit Provider, and such Credit Provider shall be subrogated to the rights of the Holders of the Subordinate Obligations of such Series.

SECTION 13.03 Deposit of Money or Securities with Trustee. Unless otherwise provided in the Supplemental Indenture pursuant to which a Subordinate Obligation is issued, whenever in this Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay the applicable Subordinate Obligation, the money or securities so to be deposited or held may include money or securities held by the Trustee

or by the Issuer in the funds and accounts (other than the Rebate Fund) established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of the applicable Loans and all unpaid interest thereon to maturity and the applicable Lender Fees and Expenses, or

(b) noncallable and non-prepayable investment securities consisting of (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed as to full and timely payment by, the United States of America, (ii) any certificates, receipts, securities or other obligations (excluding mutual funds and unit investment trusts) evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i), the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal of and all unpaid interest to maturity, on the applicable Subordinate Obligations to be paid, as such principal and interest become due; provided, in each case, that the Trustee, escrow agent or other fiduciary shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Issuer) to apply such money to the payment of such principal and interest with respect to the applicable Subordinate Obligations.

SECTION 13.04 Payment of Subordinate Obligation After Discharge of Indenture.
Unless otherwise provided in the Supplemental Indenture pursuant to which a Subordinate Obligation is issued, any moneys held by the Trustee in trust for the payment of the applicable Subordinate Obligation and remaining unclaimed for two (2) years after the principal of the applicable Subordinate Obligation has become due and payable, if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when the applicable Subordinate Obligation became due and payable, shall, upon Request of the Issuer, be repaid to the Issuer free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease. Unless otherwise provided in the Supplemental Indenture pursuant to which a Subordinate Obligation is issued, all moneys held by or on behalf of the Trustee for the payment of the applicable Subordinate Obligation shall be held uninvested, in trust for the account of the Owners thereof, and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the Issuer) for any interest earned on, moneys so held. Any interest earned thereon (other than to the extent required to be deposited in the rebate fund created under a Supplemental Indenture) shall belong to the Issuer and shall be deposited monthly by the Trustee into the Revenue Fund.

SECTION 13.05 Payment of Junior Obligations. A Junior Obligation or a portion thereof may be paid by the Issuer as provided in the Supplemental Indenture pursuant to which such a Junior Obligation is issued.

ARTICLE XIV
SUBORDINATION PROVISIONS

SECTION 14.01 Agreement to Subordinate. All Subordinate Obligations and Junior Obligations shall be subordinated, to the extent and in the manner provided in this ARTICLE XIV, to the prior payment in full of amounts then due and payable on the Senior Lien Debt. All Junior Obligations shall be subordinated, to the extent and in the manner provided in this ARTICLE XIV, to the prior payment in full of amounts then due and payable on of the Subordinate Obligations.

SECTION 14.02 Subordinated Pledge of Revenues. All Revenues are pledged, on a subordinate and junior basis to the pledge of Revenues securing Senior Lien Debt, to secure the payment of Subordinate Obligations. All Revenues are pledged, on a subordinate and junior bases to the pledge of Revenues securing Senior Lien Debt, and to the pledge of Revenues securing Subordinate Obligations, to secure the payment of Junior Obligations. In accordance with Section 6.01 and Section 6.02, Subordinate Obligations are junior and subordinate in all respects to the Senior Lien Debt as to lien on and source and security for payment from the Revenues, and as otherwise provided in this ARTICLE XIV. In accordance with Section 6.01 and Section 6.02, Junior Obligations are junior and subordinate in all respects to the Senior Lien Debt and Subordinate Obligations as to lien on and source and security for payment from the Revenues, and as otherwise provided in this ARTICLE XIV.

SECTION 14.03 Liquidation; Dissolution; Bankruptcy. Upon any distribution to creditors of the Issuer following an Event of Default under Section 9.01(e), Section 9.01(f) or Section 9.01(g):

(a) Holders of the Senior Lien Debt shall be entitled to receive payment, pursuant to Section 9.03 hereof, in cash, of the interest on and principal or Redemption Price, if applicable, of such Senior Lien Debt then due and payable and other amounts then payable with respect thereto, then Holders of the Subordinate Obligations shall be entitled to receive payment, pursuant to Section 9.03 hereof, in cash, of the interest on and principal or Redemption Price, if applicable, of such Subordinate Obligations then due and payable and other amounts then payable with respect thereto, in each case before any Holder of Junior Obligations shall be entitled to receive any payment of interest on or principal or Redemption Price, if applicable, of such Junior Obligations, pursuant to Section 9.03 hereof; and

(b) until the interest and principal or Redemption Price, if applicable, of Senior Lien Debt then due and payable are paid, in cash, any distribution to which Holders of Subordinate Obligations would be entitled but for this ARTICLE XIV shall be made to the Trustee for the benefit of the Holders of the Senior Lien Debt as their interests may appear; and

(c) until the interest and principal or Redemption Price, if applicable, of Senior Lien Debt and Subordinate Obligations then due and payable are paid in accordance with Section 9.03 hereof, in cash, any distribution to which Holders of Junior Obligations would be entitled but for this ARTICLE XIV shall be made to the Trustee for the benefit of the Holders of first, the Senior Lien Debt and then the Holders of Subordinate Obligations as their interests may appear.

For purposes of this Section 14.03, a distribution may consist of cash, securities or other property, by set-off or otherwise.

SECTION 14.04 Relationship Upon Default of Senior Lien Debt, Subordinate Obligations and Junior Obligations.

(a) If any Event of Default shall have occurred and be continuing, Holders of Indenture Obligations shall be entitled to payment in the priority set forth in Section 9.03.

(b) The provisions of (a) above are solely for the purpose of defining the relative rights of the Holders of the Indenture Obligations, and nothing herein shall impair, as between the Issuer and the Holders of any Indenture Obligations, the obligation of the Issuer, which is unconditional and absolute, to pay to the Holders of the Indenture Obligations the principal of and interest thereon then due and payable in accordance with their terms; nor shall anything therein prevent the Holders of Indenture Obligations from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the limitations contained in this ARTICLE XIV and the rights under (a) above.

SECTION 14.05 When Distribution Must be Paid Over. In the event that the Issuer or the Trustee shall make any payment to the Holder of any Subordinate Obligation or Junior Obligation other than in the order of priority set forth in Section 9.03, such payment shall be held by such Holder in trust for the benefit of, and shall be paid forthwith over and delivered to, the Trustee for the benefit of the Holders of Senior Lien Debt or the Holders of Senior Lien Debt and Subordinate Obligations (first to the Holders of Senior Lien Debt and pro rata as to each of such Holders on the basis of the principal amount then due and payable on the Senior Lien Debt held by them and second to the Holders of Subordinate Obligations and pro rata as to each of such Holders on the basis of the principal amount then due and payable on the Subordinate Obligations held by them), as applicable, as their respective interests may appear, for application to the payment of all amounts then due and payable under the Senior Lien Debt and the Subordinate Obligations.

SECTION 14.06 Limitation on Exercise of Remedies. All rights and remedies of Senior Lien Debt, Subordinate Obligations and Junior Obligations are subject to the provisions and limitations set forth in ARTICLE IX of this Indenture.

SECTION 14.07 Subordination May Not Be Impaired by Trustee, Issuer or Holder. No right of any Holder of Senior Lien Debt to enforce the subordination of the Subordinate Obligations or the Junior Obligations shall be impaired by any act or failure to act by the Trustee, the Issuer or such Holder. No right of any Holder of Senior Lien Debt or Subordinate Obligations to enforce the subordination of the Junior Obligations shall be impaired by any act or failure to act by the Trustee, the Issuer or such Holder.

SECTION 14.08 Distribution or Notice. Whenever a distribution is to be made or a notice given to the Holders of Senior Lien Debt, Subordinate Obligations or Junior Obligations pursuant to this ARTICLE XIV, the distribution may be made and the notice given to the Trustee.

ARTICLE XV MISCELLANEOUS

SECTION 15.01 Liability of Issuer Limited to Revenues. Notwithstanding anything in this Indenture or in any Indenture Obligation contained, the Issuer shall not be required to advance any moneys derived from any source of income other than the Revenues and other assets pledged hereunder (including under a Credit Agreement or a Supplemental Indenture) for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Senior Lien Bonds or the Loans or for any other purpose of this Indenture. The Issuer may, however, advance funds for any such purpose, provided such funds are derived from a source legally available for such purpose.

SECTION 15.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Issuer or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 15.03 Limitation of Rights to Specified Parties. Nothing in this Indenture or any Indenture Obligation, expressed or implied, is intended or shall be construed to give to any person other than the Issuer, the Trustee, the Owners of the Indenture Obligations, and any Counterparty, Liquidity Provider or Credit Provider, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Trustee, the Owners of the Indenture Obligations, and any Counterparty, Liquidity Provider or Credit Provider.

SECTION 15.04 Reserved.

SECTION 15.05 Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 15.06 Destruction or Delivery of Canceled Bond, Subordinate Obligation or Junior Obligation. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of the Senior Lien Bonds or any Subordinate Obligation or Junior Obligation, the Trustee may, in its sole discretion, in lieu of such cancellation and delivery, destroy the applicable Senior Lien Bond or Subordinate Obligation or Junior Obligation,, and deliver a certificate of such destruction to the Issuer.

SECTION 15.07 Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Senior Lien Bonds or any Subordinate Obligation or Junior Obligation shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal

or unenforceable provision had never been contained herein. The Issuer hereby declares that it would have adopted this Indenture and each and every other Section, subsection, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Senior Lien Bonds or any Subordinate Obligation or Junior Obligation pursuant thereto irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 15.08 Notices. Except as otherwise provided herein or in a Supplemental Indenture, for the purposes of this Indenture each such agreement, respectively, any notice to or demand may be served or presented, and such demand may be made and shall be deemed to have been sufficiently given or served for all purposes by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) at such addresses or methods on file with the Issuer and Trustee or by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the parties as follows (or in each case at such other or additional addresses as may have been filed in writing with the Trustee):

Issuer: San Mateo County Transit District
1250 San Carlos Avenue
San Carlos, California 94070-1306
Attention: Chief Financial Officer
Telephone: (650) 508-7950
Fax: (650) 508-6415

Trustee: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust
Telephone: (415) 677-3602
Fax: (415) 677-3768

The Trustee shall not have any duty to confirm that the person sending any notice, instruction, or other communication (each, a “Notice”) received pursuant to this Indenture by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by the Trustee to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider identified by any other party hereto and acceptable to the Trustee) shall be deemed original signatures for all purposes. Each other party assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices to the Trustee, including without limitation the risk of the Trustee acting on an unauthorized Notice and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any such electronic Notice.

SECTION 15.09 Evidence of Rights of Holders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Holders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or

executed by such Holders by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Issuer if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of any Subordinate Obligation or Junior Obligation shall be proved by the applicable registration books held by the Trustee. The Trustee may establish a record date as of which to measure consent of Subordinate Obligation or Junior Obligation Owner in order to determine whether the requisite consents are received.

The ownership of the Senior Lien Bonds shall be proved by the Bond Register held by the Trustee. The Trustee may establish a record date as of which to measure consent of the Bondholders in order to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Owner of the Senior Lien Bonds shall bind every future Owner of the same Subordinate Obligation or Junior Obligation or Senior Lien Bonds and the Owner of every Subordinate Obligation or Junior Obligation or Senior Lien Bonds issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in accordance therewith or reliance thereon.

SECTION 15.10 Disqualified Indenture Obligations. In determining whether the Owners of the requisite aggregate principal amount of some or all Indenture Obligations have concurred in any demand, request, direction, consent or waiver under this Indenture, any interest in the Indenture Obligations owned or held by or for the account of the Issuer, or by any other obligor on the Indenture Obligations, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other obligor on the Indenture Obligations, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Any interest in the Indenture Obligations so owned, which has been pledged in good faith, may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote its interest in the Indenture Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other obligor on the Indenture Obligations. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 15.11 Money Held for Particular Indenture Obligation. The money held by the Trustee for the payment of the interest or principal due on any date with respect to any particular Indenture Obligation shall, on and after such date and pending such payment, be set aside on books of the Trustee and held in trust by the Trustee for the Owners of such Indenture Obligation entitled thereto, subject, however, to the provisions of Sections 12.04 and 13.04 hereof.

SECTION 15.12 Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Indenture Obligations and the rights of every Holder thereof.

SECTION 15.13 Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 15.14 Waiver of Personal Liability. No Board member, officer, agent or employee of the Issuer or the Trustee shall be individually or personally liable for the payment of any Indenture Obligation or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee of the Issuer or the Trustee from the performance of any official duty provided by law or by this Indenture.

SECTION 15.15 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

SECTION 15.16 Business Day. Except as specifically set forth in a Supplemental Indenture, any payments or transfers, which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day with the same effect as if made on such prior date; provided that with respect to any Subordinate Obligation or Junior Obligation, interest shall accrue as provided in the Credit Agreement, if applicable.

SECTION 15.17 Effective Date of Indenture. This Indenture shall take effect upon its execution and delivery.

SECTION 15.18 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN MATERO COUNT TRANSIT
DISTRICT

By: _____
Chief Financial Officer

Attest:

By: _____
Secretary

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

FIRST SUPPLEMENTAL INDENTURE OF TRUST

between

SAN MATEO COUNTY TRANSIT DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

relating to:

SAN MATEO COUNTY TRANSIT DISTRICT
LIMITED TAX BONDS
REFUNDING 2025 SERIES A

Dated as of March 1, 2025

(Supplemental to the Indenture of Trust dated as of March 1, 2025)

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	1
SECTION 1.01 <u>DEFINITIONS</u>	1
SECTION 1.02 <u>RULES OF CONSTRUCTION</u>	3
ARTICLE II FINDINGS, DETERMINATIONS AND DIRECTIONS.....	3
SECTION 2.01 <u>FINDINGS AND DETERMINATIONS</u>	3
ARTICLE III AUTHORIZATION AND PURPOSE OF THE BONDS	4
SECTION 3.01 <u>PRINCIPAL AMOUNT, DESIGNATION, AND SERIES</u>	4
ARTICLE IV REDEMPTION AND PURCHASE OF BONDS	6
SECTION 4.01 <u>NO REDEMPTION OF THE BONDS</u>	6
ARTICLE V ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF.....	6
SECTION 5.01 <u>FUNDS, ACCOUNTS AND APPLICATION</u>	6
ARTICLE VI MISCELLANEOUS	7
SECTION 6.01 <u>MISCELLANEOUS</u>	7

FIRST SUPPLEMENTAL INDENTURE OF TRUST

This **FIRST SUPPLEMENTAL INDENTURE OF TRUST**, dated as of March 1, 2025 (this “**First Supplemental Indenture**”), is between the **SAN MATEO COUNTY TRANSIT DISTRICT**, a public transit district duly organized and existing pursuant to the laws of the State of California (the “**Issuer**” or the “**District**”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “**Trustee**”), and amends that certain Indenture of Trust, dated as of March 1, 2025 (the “**Master Indenture**,” and the Master Indenture, as supplemented and amended by this First Supplemental Indenture, the “**Indenture**”), between the Issuer and the Trustee;

WITNESSETH:

WHEREAS, the Issuer is a public transit district of the State of California duly organized and existing pursuant to the San Mateo County Transit District Act, constituting Part 15 of Division 10 of the Public Utilities Code of the State of California (the “**Law**”); and

WHEREAS, the Issuer is authorized to issue from time to time indebtedness payable in whole or in part from revenues of the Sales Tax; and

WHEREAS, the Issuer has heretofore issued \$210,280,000 aggregate principal amount of San Mateo County Transit District Limited Tax Bonds, Refunding 2015 Series A (the “**2015 Series A Bonds**”), \$149,005,000 of which are outstanding, pursuant to an Indenture, dated as of April 1, 2015, as supplemented and amended by a First Supplemental Indenture, dated as of April 1, 2015, by between the District and the Trustee, as trustee (the “**2015 Trustee**”); and

WHEREAS, the Issuer has determined to issue its San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A (the “**Bonds**”) pursuant to the terms of the Master Indenture and this First Supplemental Indenture for the purposes as further described herein; and

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

NOW, THEREFORE, the Issuer and the Trustee, each in consideration of the representations, warranties, covenants and agreements of the other as set forth herein, mutually represent, warrant, covenant and agree as follows:

ARTICLE I **DEFINITIONS**

SECTION 1.01 **DEFINITIONS**. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Master Indenture, as amended by this First

Supplemental Indenture. The following definitions shall apply to the terms used in this First Supplemental Indenture unless the context clearly requires otherwise.

“Authorized Denominations” means, with respect to the Bonds, \$5,000 and any integral multiple thereof.

“Bonds” means the San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of the Issuer relating to the Bonds.

“First Supplemental Indenture” means this First Supplemental Indenture, dated as of March 1, 2025, between the Issuer and the Trustee, as amended and supplemented from time to time.

“Interest Payment Date” means for the Bonds each December 1 and June 1, commencing June 1, 2025 and, in any event, the final maturity date of each Bond.

“Issue Date” means, with respect to the Bonds, the date on which the Bonds are first delivered to the purchasers thereof.

“Rebate Instructions” means those calculations and directions required to be delivered to the Trustee by the District pursuant to the Tax Certificate, if any.

“Rebate Requirement” means the Rebate Requirement determined in accordance with the Tax Certificate delivered in connection with the Bonds, if any.

“Record Date” means, with respect to the Bonds, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

“Refunded 2015 Bonds” means the 2015 Series A Bonds being refunded with the proceeds of the Bonds as shown on Exhibit C hereto.

“Series 2025 A Costs of Issuance” means the Costs of Issuance relating to the Bonds.

“Series 2025 A Costs of Issuance Account” means the Costs of Issuance Account established pursuant to Section 5.01(a)(i).

“Series 2025 A Rebate Fund” means the Rebate Fund established pursuant to Section 5.01(d) hereof.

“Tax Certificate” means that certain Tax Certificate executed on behalf of the Issuer in connection with the issuance of the Bonds and relating to the requirements of the Code.

“2015 Escrow Agent” means U.S. Bank Trust Company, National Association, as escrow agent under the 2015 Escrow Agreement.

“**2015 Escrow Agreement**” means the Escrow Agreement, dated as of March 1, 2025, between the District and the 2015 Escrow Agent, providing for the refunding of the Refunded 2015 Bonds.

“**2015 Escrow Fund**” means the Escrow Fund established under the 2015 Escrow Agreement.

SECTION 1.02 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this First Supplemental Indenture, refer to the Indenture.

ARTICLE II

FINDINGS, DETERMINATIONS AND DIRECTIONS

SECTION 2.01 FINDINGS AND DETERMINATIONS.

(a) **Findings and Determinations.** The Issuer hereby finds and determines that the Bonds shall be issued as Senior Lien Bonds pursuant to Article III of the Indenture and upon the issuance of the Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

(b) **Recital in Bonds.** There shall be included in each of the definitive Bonds, and also in each of the temporary Bonds, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that Bond and in the issuing of that Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Law and that said Bond, together with all other indebtedness of the Issuer payable out of Revenue, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Law and, and that such certification and recital shall be in such form as is set forth in the form of the Bond attached hereto as Exhibit A.

(c) **Effect of Findings and Recital.** From and after the issuance of the Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the Bonds is at issue, and no bona fide purchaser of any such Bond containing the certification and recital shall be required to see to the existence of any fact, or to the performance of any condition, or to the taking of any proceeding, required prior to such issuance, or to the application of the purchase price for such Bonds.

ARTICLE III
AUTHORIZATION AND PURPOSE OF THE BONDS

SECTION 3.01 **PRINCIPAL AMOUNT, DESIGNATION, AND SERIES.**

(a) **Principal Amount, Designation and Series.** Pursuant to the provisions of this Indenture and the provisions of the Law, a Series of Senior Lien Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$_____. Such Series of Senior Lien Bonds shall be designated as, and shall be distinguished from Senior Lien Bonds of all other Series by the title, “San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A.”

(b) **Purpose.** The Bonds are issued for the purpose of providing funds to (a) refund and defease all of the outstanding Refunded 2015 Bonds, and (b) pay the Series 2025 A Costs of Issuance.

(c) **Form, Denomination, Numbers and Letters.** The Bonds shall be issued as Book-Entry Bonds in fully registered form in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of the Bonds set forth herein.

(d) **Date, Maturities and Interest Rates.**

(1) **Date, Maturities and Interest Rates of the Bonds.** The Bonds shall be dated their Issue Date, shall bear interest from that date at the following rate per annum, computed on the basis of a 360-day year comprised of twelve 30-day months, and shall mature on June 1 in the following years in the following amounts:

Maturity Date		
<u>(June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

The initial Interest Payment Date with respect to the Bonds is June 1, 2025.

(2) Payment of Interest and Principal on the Bonds. Interest on each Bond shall be payable on each Interest Payment Date for such Bond until the principal sum of such Bond has been paid; provided, however, that if at the maturity date of any Bond funds are available for the payment thereof, in full accordance with terms of the Indenture, such Bond shall then cease to bear interest. Principal and premium, if any, on the Bonds shall be payable when due upon presentation and surrender thereof at the Principal Office of the Trustee.

As long as the Bonds are Book-Entry Bonds, principal of and interest on the Bonds shall be payable by wire transfer to DTC in lawful money of the United States of America. Otherwise, interest shall be mailed by first class mail on each interest payment date to the Owners thereof as of the Record Date; provided, however, that Owners of \$1,000,000 in aggregate principal amount of Bonds may, at any time prior to a Record Date, give the Trustee written instructions for payment of such interest on each succeeding interest payment date by wire transfer. Each Bond shall pay interest to the Owner thereof from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication.

(e) Conditions to Delivery of Bonds. Each Bond shall be executed and delivered as authorized by this First Supplemental Indenture and the Indenture upon receipt of payment therefor from the purchaser thereof; provided, however, that as the initial Series of Senior Lien Bonds under the Indenture, the issuance of the Bonds is not required to comply with the provisions of Section 3.02, Section 3.03 or Section 3.04 of the Master Indenture.

(f) No Reserve Fund. No reserve is established with respect to the Bonds.

(g) Disposition of Proceeds of Bonds.

(i) Disposition of Bonds Proceeds. The net proceeds from the sale of the Bonds in the amount of \$_____, comprised of the aggregate principal amount of the Bonds \$_____, plus [net] original issue premium of \$_____, less an underwriters' discount of \$_____, shall initially be received by the Trustee and shall then be immediately transferred or deposited by the Trustee as follows:

(1) transfer the amount of \$_____ of such proceeds to the 2015 Escrow Agent for deposit into the 2015 Escrow Fund; and

(2) deposit the remaining amount of \$_____ to the Series 2025 A Costs of Issuance Account of the Senior Lien Bonds Costs of Issuance Fund.

Additionally, on the date of delivery of the Bonds, the District hereby instructs the Trustee, in its capacity as 2015 Trustee to, and the 2015 Trustee shall, transfer to the 2015 Escrow Agent for deposit into the 2015 Escrow Fund (i) \$_____ in cash from the Interest Fund for the Series 2015 Bonds and (ii) \$_____ in cash from the Principal Fund for the Series 2015 Bonds.

ARTICLE IV
NO REDEMPTION OF BONDS

SECTION 4.01 **NO REDEMPTION OF BONDS.**

The Bonds shall not be subject to optional or mandatory redemption prior to their stated maturity dates.

ARTICLE V
ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

SECTION 5.01 **FUNDS, ACCOUNTS AND APPLICATION.**

(a) **Funds and Accounts.** The following funds and accounts are hereby established in connection with the Bonds:

(i) **Series 2025 A Costs of Issuance Account.** To ensure the proper application of such portion of proceeds from the sale of the Bonds or funds of the Issuer to be applied to pay Costs of Issuance, there is hereby established the Series 2025 A Costs of Issuance Account within the Senior Lien Bonds Costs of Issuance Fund, such account to be held by the Trustee.

(b) **Series 2025 A Costs of Issuance Account.** The monies set aside and placed in the Series 2025 A Costs of Issuance Account shall remain therein until from time to time expended for the purpose of paying the Costs of Issuance. On June 1, 2025, any amounts remaining in the Series 2025 A Costs of Issuance Account shall be transferred to the District.

Before any payment from the Series 2025 A Costs of Issuance Account shall be made by the Trustee, the Issuer shall file or cause to be filed with the Trustee a requisition of the Issuer (each a "Requisition"), such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Issuer in the case of reimbursement for costs theretofore paid by the Issuer; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; and (v) that obligations in the stated amounts have been incurred by the Issuer and are presently due and payable and that each item thereof is a proper charge against the Series 2025 A Costs of Issuance Account and has not been previously paid from said account.

(c) **Reserved.**

(d) **Series 2025 A Rebate Fund.**

(i) Upon receipt of funds to be applied to the Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder and under the Master Indenture designated as the Series 2025 A Rebate Fund. Within the Series 2025 A Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the District. Subject

to the transfer provisions provided in paragraph (iii) below, all money at any time deposited in the Series 2025 A Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Series 2025 A Rebate Fund shall be governed by this Indenture and by the applicable Tax Certificates. The District hereby covenants to comply with the directions contained in each Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the District delivered to the Trustee pursuant to the Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Series 2025 A Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 5.01(d) if it follows such instructions of the District, and the Trustee shall have no liability or responsibility to enforce compliance by the District with the terms of any Tax Certificate.

(i) The Trustee shall invest all amounts held in the Series 2025 A Rebate Fund, pursuant to written instructions of the District, in Investment Securities, subject to the restrictions set forth in the Tax Certificate or the Rebate Instructions. Money shall not be transferred from the Series 2025 A Rebate Fund except as provided in paragraph (iii) below.

(ii) Upon receipt of Rebate Instructions, the Trustee shall remit part or all of the balances in the Series 2025 A Rebate Fund to the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Series 2025 A Rebate Fund from or into such accounts or funds as directed by the Rebate Instructions. Any funds remaining in the Series 2025 A Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement applicable to the Bonds, shall be withdrawn and remitted to the District in accordance with a Request of the District.

(iii) Notwithstanding any other provision of the Indenture, the obligation to remit the Rebate Requirement applicable to the Bonds to the federal government of the United States of America and to comply with all other requirements herein and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

ARTICLE VI **MISCELLANEOUS**

SECTION 6.01 MISCELLANEOUS.

(a) **Continuing Disclosure.** The Issuer covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, executed by the Issuer. Notwithstanding any other provision of the

Indenture, failure of the Issuer to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Holders of at least twenty-five (25%) aggregate principal amount of the Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section.

(b) **Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this First Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this First Supplemental Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this First Supplemental Indenture and the Bonds issued pursuant hereto shall remain valid, and the Owners of the Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Law, and the Constitution and statutes of the State.

(c) **Parties Interested Herein.** Nothing in this First Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Trustee, and the Owners of the Bonds, any right, remedy or claim under or by reason of this First Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this First Supplemental Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, and the Owners of the Bonds.

(d) **Headings Not Binding.** The headings in this First Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Supplemental Indenture.

(e) **Notice Addresses.** Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses.

(f) **Notices to Rating Agencies.** The Trustee shall provide notice to the Rating Agencies of the following events with respect to the Bonds, as applicable:

- (i) Change in Trustee;
- (ii) Amendments to the Indenture; and
- (iii) Defeasance of the Bonds.

(g) **Indenture to Remain in Effect.** Save and except as amended and supplemented by this First Supplemental Indenture, the Indenture shall remain in full force and effect.

(h) **Effective Date of First Supplemental Indenture.** This First Supplemental Indenture shall take effect upon its execution and delivery.

(i) **Execution in Counterparts.** This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Indenture by their officers thereunto duly authorized as of the date first above written.

SAN MATEO COUNTY TRANSIT DISTRICT

By: _____
Chief Financial Officer

Attest:

By: _____
Secretary

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

[Signature page to First Supplemental Indenture]

EXHIBIT A

FORM OF 2025 SERIES A BOND

No. R-_____

\$ _____

**SAN MATEO COUNTY TRANSIT DISTRICT
LIMITED TAX BONDS,
REFUNDING 2025
SERIES A**

INTEREST RATE
_____%

MATURITY
June 1, 20__

ISSUE DATE
March __, 2025

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

SAN MATEO COUNTY TRANSIT DISTRICT, a public transit district duly organized and existing pursuant to the laws of the State of California (the “Issuer”), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the Interest Rate set forth above payable on each June 1 and December 1 commencing June 1, 2025 (each, an “Interest Payment Date”). The principal of and premium, if any, on this Bond are payable to the registered Holder hereof upon presentation and surrender of this Bond at the Corporate Trust Office, in St. Paul, Minnesota or at such other Corporate Trust Office hereinafter designated for the presentation place of Bonds for payment, of U.S. Bank Trust Company, National Association, as trustee (together with any successor as trustee under the hereinafter defined Indenture, the “Trustee”). Interest on this Bond shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Holder hereof as of the close of business on the Record Date at such registered Holder’s address as it appears on the Bond Register. As used herein, “Record Date” means the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

This Bond is one of a duly authorized issue of bonds of the Issuer, designated as the “San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A” (the “Bonds”), of the series designated above, all of which are being issued pursuant to the San Mateo County Transit District Act, constituting Part 15 of Division 10 of the Public Utilities Code of the State of California (as more fully defined in Section 1.02 hereof, the “Law”), and an Indenture, dated as of March 1, 2025, as supplemented and amended, including as supplemented and amended by a First Supplemental Indenture, dated as of March 1, 2025 (the “First Supplemental Indenture”), each between the Issuer and the Trustee, hereinafter referred to collectively as the “Indenture.” Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in the Indenture, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided.

Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.

THIS BOND IS A LIMITED TAX BOND OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE ISSUER IS NOT OBLIGATED TO PAY THIS BOND EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE ISSUER, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED HEREIN) OF THE ISSUER IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE ISSUER OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Reference is hereby made to the Indenture and the Law for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Revenues and certain other funds and the rights of the registered Holders of the Bonds and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Issuer and the registered Holder from time to time of this Bond, and to all the provisions thereof the registered Holder of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the Indenture.

This Bond is payable as to both principal and interest, exclusively from the Revenues and other funds pledged under the Indenture, which consist primarily of the amounts available for distribution to the Issuer on account of the retail transactions and use tax imposed in the County of San Mateo pursuant to the Law, after deducting amounts payable by the Issuer to the CDTFA for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law, all as provided in the Indenture, and the Issuer is not obligated to pay the principal of and interest on this Bond except from Revenues and certain other funds pledged thereunder.

This Bond is deliverable in the form of a fully registered Bond in denominations of \$5,000 and any multiple thereof (such denominations being referred to herein as “Authorized Denominations”).

No Redemption

The Bonds are not subject to optional or mandatory redemption prior to their stated maturity dates.

Amendments and Modifications

The rights and obligations of the Issuer and of the Beneficial Owners and registered Holders 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, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Holders of the Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the Indenture, only upon the bond registration books maintained by the Trustee, by the registered Holder hereof, or by his or her duly authorized attorney, upon surrender of this Bond at the Corporate Trust Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his or her duly authorized attorney, and thereupon a new Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of any charges therein prescribed.

Persons Deemed Holders

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Holder hereof for all purposes, including receiving payment of, or on account of, the principal hereof and interest due hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Law, and that this Bond, together with all other indebtedness of the Issuer payable out of Revenue, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and the Law.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF the SAN MATEO COUNTY TRANSIT DISTRICT has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives all as of the Issue Date set forth above.

SAN MATEO COUNTY TRANSIT DISTRICT

By: _____

Attest:

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: March __, 2025.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
TAX IDENTIFICATION NUMBER OF ASSIGNEE

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoint

to transfer the within Bond on the books kept for registration thereof with full power of substitution in the
premises.

Dated:

Signature:

(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Holder as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

Notice: Signature must be guaranteed by an eligible guarantor firm.

EXHIBIT B

NOTICE ADDRESSES

To the Issuer:

SAN MATEO COUNTY TRANSIT DISTRICT
1250 San Carlos Avenue
San Carlos, California 94070
Attention: Chief Financial Officer

To the Trustee:

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust
Telephone: (415) 677-3602

To the Rating Agencies:

[TO COME]

EXHIBIT C

REFUNDED 2015 BONDS

Maturity Date (June 1)	Principal Amount	Interest Rate
2025	\$12,390,000	5.000%
2026	13,010,000	5.000
2027	13,660,000	5.000
2028	14,340,000	5.000
2029	15,065,000	5.000
2030	13,815,000	5.000
2030	2,000,000	3.125
2031	16,565,000	5.000
2032	17,395,000	4.000
2033	11,090,000	4.000
2033	7,000,000	3.250
2034	12,675,000	3.375

ESCROW AGREEMENT

between

SAN MATEO COUNTY TRANSIT DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee and Escrow Agent

Dated as of March 1, 2025

Relating to

San Mateo County Transit District Limited Tax Bonds, Refunding 2015 Series A

TABLE OF CONTENTS

	Page
Section 1. Definitions	2
Section 2. Creation and Purpose of Escrow Fund.....	2
Section 3. Payment and Redemption of Existing Bonds; Notice of Defeasance; Notice of Redemption.....	3
Section 4. Investment of Escrow Fund; Substitution; Reinvestment.....	4
Section 5. Sufficiency of Escrow Fund.....	4
Section 6. Payment of the Existing Bonds.....	5
Section 7. Termination of Escrow Agreement; Written Request of District.....	5
Section 8. Fees and Costs.....	5
Section 9. Merger or Consolidation.....	5
Section 10. Resignation of Escrow Agent.....	5
Section 11. Indemnification.....	6
Section 12. Capacity of Escrow Agent.....	6
Section 13. Amendment.....	6
Section 14. Notices.....	7
Section 15. Severability.....	7
Section 16. Law Governing.....	7
Section 17. Counterparts.....	7
Execution.....	11
Exhibit A Initial Cash Deposits and Escrowed Defeasance Securities	A-1
Exhibit B Refunding Requirements.....	B-1
Exhibit C Notice of Defeasance	C-1
Exhibit D Notice of Redemption	D-1

ESCROW AGREEMENT

This Escrow Agreement, dated as of March 1, 2025 (this “**Escrow Agreement**”), is entered into by the San Mateo County Transit District, a public transit district duly organized and existing under the laws of the State of California (the “**District**”), and U.S. Bank Trust Company, National Association (“**U.S. Bank**”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America, successor to U.S. Bank National Association (U.S. Bank acting in such capacity being hereinafter referred to as the “**Trustee**”) and as escrow agent (U.S. Bank acting in such capacity being hereinafter referred to as the “**Escrow Agent**”).

WITNESSETH:

WHEREAS, the District has heretofore issued \$210,280,000 aggregate principal amount of San Mateo County Transit District Limited Tax Bonds, Refunding 2015 Series A (the “**2015 Series A Bonds**”), \$149,005,000 of which are outstanding, pursuant to an Indenture, dated as of April 1, 2015, as supplemented and amended by a First Supplemental Indenture, dated as of April 1, 2015 (hereinafter collectively referred to as the “**Indenture**”), by between the District and the Trustee; and

WHEREAS, in order to refund and defease all of the 2015 Series A Bonds (hereinafter referred to as the “**Existing Bonds**”), the District is issuing \$_____ aggregate principal amount of San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A (the “**2025 Series A Bonds**”) pursuant to an Indenture, dated as of March 1, 2025, as supplemented by a First Supplemental Indenture thereto, dated as of March 1, 2025 (hereinafter collectively referred to as “**2025 Indenture**”), by and between the District and U.S. Bank, as trustee (U.S. Bank acting in such capacity being hereinafter referred to as the “**2025 Trustee**”), for the purpose of providing funds to refund and defease the Existing Bonds; and

WHEREAS, the 2025 Indenture provides for the transfer and deposit of certain proceeds of the 2025 Series A Bonds to an escrow fund (the “**Refunding Escrow Fund**”) created hereunder, such proceeds to be applied, together with certain other funds held on deposit with the Trustee and transferred to the Refunding Escrow Fund, to refund and defease all of the 2015 Series A Bonds; and

WHEREAS, the amount deposited in the Refunding Escrow Fund shall be in such amount as is necessary, together with interest earnings thereon, to ensure the full and timely payment of the Refunding Requirements (as hereinafter defined) applicable to the 2015 Series A Bonds; and

NOW, THEREFORE, in consideration of the mutual agreements herein contained, in order to secure the payment of the Refunding Requirements as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. Definitions.

As used in this Escrow Agreement the following terms have the following meanings:

“Escrow Agent” means U.S. Bank Trust Company, National Association or any successor thereto appointed to act as Escrow Agent under this Escrow Agreement.

“Escrow Fund” means the Refunding Escrow Fund.

“Existing Bonds” means the 2015 Series A Bonds.

“Defeasance Securities” means securities of the type meeting the requirements for defeasance specified in Section 10.03(B) of the Indenture.

“Refunding Escrow Fund” means the fund by that name created pursuant to Section 2 hereof.

“Refunding Escrowed Defeasance Securities” means those certain Defeasance Securities described in Exhibit A to this Escrow Agreement.

“Refunding Requirements” means all installments of principal and interest on the 2015 Series A Bonds, as such payments become due, as set forth in Exhibit B to this Escrow Agreement.

“2025 Series A Bonds” means the San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A, issued pursuant to the 2025 Indenture.

“Verification Report” means the verification report, dated March __, 2025, prepared by the Verification Agent.

“Verification Agent” means [_____].

All other capitalized terms used but not defined herein shall have the respective meanings given to such terms in the Indenture.

Section 2. Creation and Purpose of Escrow Fund.

A. The Refunding Escrow Fund is hereby created and established with the Escrow Agent as a special and irrevocable escrow fund. The Escrow Agent shall keep the Refunding Escrow Fund separate and apart from all other funds and moneys held by it and shall hold the Refunding Escrow Fund in escrow for the purposes described herein. All Defeasance Securities and moneys in the Refunding Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 4 and Section 7 hereof, to secure the payment of the 2015 Series A Bonds.

B. On the date of issuance of the 2025 Series A Bonds, the Escrow Agent shall deposit \$_____ into the Refunding Escrow Fund, consisting \$_____ from the proceeds of the 2025 Series A Bonds received from the 2025 Trustee and \$_____ received from the Trustee from moneys currently on deposit in the funds established under the Indenture, comprised of [\$_____ on deposit in the Bond Reserve Fund established under the Indenture,] \$_____ on

deposit in the Interest Fund established under the Indenture and \$_____ on deposit in the Principal Fund established under the Indenture. Such amount shall be sufficient for the purchase of the Refunding Escrowed Defeasance Securities identified in Exhibit A to this Escrow Agreement and to make the cash deposit to the Refunding Escrow Fund identified in Exhibit A and shall be used by the Escrow Agent to purchase the Refunding Escrowed Defeasance Securities identified in Exhibit A to this Escrow Agreement and make such cash deposit on the date of issuance of the 2025 Series A Bonds. The principal of and interest on the Refunding Escrowed Defeasance Securities and any uninvested cash held hereunder in the Refunding Escrow Fund shall be applied by the Escrow Agent to the payment of the Refunding Requirements.

C. As verified by the Verification Report, the Refunding Escrowed Defeasance Securities are such that, if interest thereon and principal thereof are paid when due, the proceeds from the collection of such interest and principal, together with any uninvested cash held hereunder in the Refunding Escrow Fund, will be sufficient to meet the Refunding Requirements. The Escrow Agent may rely upon the conclusion of the Verification Agent that the Refunding Escrowed Defeasance Securities listed in Exhibit A will mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Refunding Escrow Fund, will be necessary and sufficient to pay when due the principal of and interest on the 2015 Series A Bonds to their date of redemption.

D. The Escrow Agent shall hold all Defeasance Securities in the Refunding Escrow Fund whether acquired as initial investments, subsequent investments or reinvestments hereunder, and the money received from time to time as principal and interest thereon, in escrow, to secure, and for the payment of, the Refunding Requirements and shall collect the principal of and interest on such Defeasance Securities held by it hereunder in the Refunding Escrow Fund promptly as such principal and interest become due.

Section 3. Payment and Redemption of Existing Bonds; Notice of Defeasance; Notice of Redemption.

A. The Escrow Agent, acting as Trustee, is hereby irrevocably instructed to pay the principal and interest on the 2015 Series A Bonds [at the times and places and in the manner specified in the Indenture to and including the redemption of the 2015 Series A Bonds, such payment to be made from the Refunding Escrow Fund][on June 1, 2025].

B. The District hereby irrevocably instructs the Escrow Agent, acting as Trustee, to give notice, on the day of delivery of the 2025 Series A Bonds, of defeasance of the Existing Bonds to the registered owners thereof, substantially in the form set forth in Exhibit C to this Escrow Agreement.

C. The District hereby irrevocably instructs the Escrow Agent, acting as Trustee, to give, at the time and in the manner provided in Section 4.01 and Section 4.02 of the Indenture and in accordance with Section 10.03 of the Indenture, notice of redemption of such Existing Bonds to the registered owners thereof, substantially in the form set forth in Exhibit D to this Escrow Agreement.

Section 4. Investment of Escrow Fund; Substitution; Reinvestment.

A. The District and the Escrow Agent each shall take all remaining necessary action to have issued and registered in the name of the Escrow Agent, for the account of the Refunding Escrow Fund, the Refunding Escrowed Defeasance Securities and each shall take all remaining necessary action to have issued and registered in the name of the Escrow Agent, for the account of the Refunding Escrow Fund, the Refunding Escrowed Defeasance Securities.

B. There shall be no exchange or substitution of the Refunding Escrowed Defeasance Securities, except upon: (i) the written direction of the District; (ii) receipt by the District and the Trustee of a new verification report, prepared by an independent certified public accountant, verifying the sufficiency of the amount of Defeasance Securities and cash on deposit in the Escrow Fund; and (iii) receipt of an opinion of nationally recognized bond counsel to the effect that such exchange or substitution will not adversely affect the exemption from federal income tax of interest on the Existing Bonds or the 2025 Series A Bonds. The Escrow Agent shall not be liable or responsible for any loss resulting from any substitution of securities made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

C. Except as otherwise provided herein, the Escrow Agent shall not reinvest any cash portion of the Escrow Fund and shall hold such cash portion uninvested in each such Escrow Fund; provided, however, that after receiving (i) an opinion of nationally recognized bond counsel to the effect that such reinvestment will not adversely affect the exemption from federal income taxation of interest on the Existing Bonds or the 2025 Series A Bonds and (ii) a new verification report, prepared by an independent certified public accountant, to the effect that such reinvestment will not adversely affect the sufficiency of the amount of Defeasance Securities and cash on deposit in the Escrow Fund, the Escrow Agent may, at the written direction of the District, reinvest any cash portion of the Escrow Fund in Defeasance Securities. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 5. Sufficiency of Escrow Fund.

Moneys deposited in the Refunding Escrow Fund, including the investment earnings thereon and any uninvested cash, shall be in an amount, as determined by the District and as verified by the Verification Report, which at all times shall be sufficient to meet the Refunding Requirements not theretofore met.

If at any time it shall appear to the Escrow Agent that the moneys in the Refunding Escrow Fund, including the investment earnings thereon and any uninvested cash, will not be sufficient to meet the Refunding Requirements, the Escrow Agent shall notify the Chief Financial Officer of the District of such deficiency in writing as soon as reasonably practicable. Upon receipt of such notice, the District shall promptly use its best efforts to pay to the Escrow Agent, from any legally available moneys, and the Escrow Agent shall deposit in the Escrow Fund, the amount necessary to make up the deficiency. The Escrow Agent shall not be liable or responsible for any loss resulting from its failure to give such notice nor from the District's failure to make any such payment.

Section 6. Payment of the Existing Bonds.

The District hereby requests and irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees to collect and deposit in the Refunding Escrow Fund the principal of and interest on all Refunding Escrowed Defeasance Securities held for the account of such Refunding Escrow Fund promptly as such principal and interest become due, and to apply, subject to the provisions of Section 4 hereof, such principal and interest, together with any other moneys and the principal of and interest on any other Defeasance Securities deposited in such Refunding Escrow Fund, to the payment of the principal of and interest on the 2015 Series A Bonds for which such Refunding Escrow Fund was established at the places and in the manner stipulated in the Indenture.

Section 7. Termination of Escrow Agreement; Written Request of District.

When the Escrow Agent shall have transferred, pursuant to Section 6 hereof, such moneys as are required to pay in full and discharge all of the Existing Bonds, the Escrow Agent, after payment of all fees and expenses of the Escrow Agent, shall pay over to the 2025 Trustee for deposit into the Senior Lien Interest Account pursuant to the 2025 Indenture, the moneys, if any, then remaining in the Escrow Fund and this Escrow Agreement shall terminate. The Trustee shall promptly pay to the District any and all unclaimed moneys on deposit in the Escrow Fund as provided in Section 10.04 of the Indenture and this request shall constitute the Request of the District for such purpose.

Section 8. Fees and Costs.

A. The Escrow Agent's fees, expenses and reimbursement for costs incurred for and in carrying out the provisions of this Escrow Agreement have been fixed by separate agreement. The Escrow Agent shall also be entitled to additional fees, expenses and reimbursement for costs incurred, including but not limited to, legal and accounting services in connection with any litigation or other proceedings which may at any time be instituted involving this Escrow Agreement not due to the negligence or willful misconduct of the Escrow Agent.

B. Payments to the Escrow Agent pursuant to this Section 8 shall not be for deposit in the Escrow Fund, and the fees of and the costs incurred by the Escrow Agent shall not be a charge on and in no event shall be deducted from the Escrow Fund.

Section 9. Merger or Consolidation.

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

Section 10. Resignation of Escrow Agent.

The Escrow Agent may resign and be discharged of its duties hereunder, in accordance with the procedures set forth in Article VIII of the Indenture, if and at such time as the Escrow Agent shall be discharged as Trustee under the Indenture. Any successor trustee under the Indenture shall succeed as the Escrow Agent under this Escrow Agreement.

Section 11. Indemnification.

To the extent permitted by law, the District hereby assumes liability for, and hereby agrees to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants from and against any loss, damages, liability or expenses (including legal fees and disbursements) incurred without negligence or willful misconduct on the part of the Escrow Agent and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys, securities or investments by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against its own negligence or willful misconduct. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

Section 12. Capacity of Escrow Agent.

The Escrow Agent is entering into this Escrow Agreement in its capacity as Trustee under the Indenture and shall be entitled to the protections, limitations from liability and indemnification afforded in Article VIII of the Indenture. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof. Subject to the provisions of Section 7 hereof, moneys held by the Escrow Agent hereunder are to be held and applied for the payment of the Existing Bonds in accordance with the provisions hereof and the provisions of the Indenture.

Section 13. Amendment.

This Escrow Agreement is made for the benefit of the District and the registered owners from time to time of the Existing Bonds. This Escrow Agreement shall not be repealed, revoked, altered or amended without the written consent of all such registered owners; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such registered owners, enter into such agreements supplemental to this Escrow Agreement for any one or more of the following purposes: (i) to cure any ambiguity or inconsistency or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Agent for benefit of such registered owners any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such registered owners or the Escrow Agent; (iii) to subject to this Escrow Agreement additional funds, securities or properties; and (iv) to make any other amendment that does not materially adversely affect the rights of any registered owners of the Existing Bonds; provided, however that no such agreement supplemental to this Escrow Agreement shall modify or amend the irrevocable pledge of the Escrow Fund, the provisions requiring delivery of an opinion of nationally recognized bond counsel and a verification report to the Escrow Agent prior to any substitution of securities and the provisions requiring delivery of an opinion of nationally

IN WITNESS WHEREOF, the San Mateo County Transit District has caused this Escrow Agreement to be signed in its name by its duly authorized officer, and U.S. Bank Trust Company, National Association, has caused this Escrow Agreement to be signed in its name by its duly authorized officer, all as of the day and year first above written.

SAN MATEO COUNTY TRANSIT DISTRICT

By: _____
Chief Financial Officer

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee and Escrow Agent

By: _____
Authorized Officer

EXHIBIT A

INITIAL CASH DEPOSIT AND ESCROWED DEFEASANCE SECURITIES

Initial Cash Deposit: \$_____.

The following securities will be deposited into the Refunding Escrow Fund on _____, 2025:
See Schedule __ to the Verification Report, dated March __, 2025 (the "Verification Report"),
delivered by [_____].

EXHIBIT B

REFUNDING REQUIREMENTS

See Schedule __ to the Verification Report, dated March __, 2025 (the “Verification Report”), delivered by [_____].

EXHIBIT C

NOTICE OF DEFEASANCE

**San Mateo County Transit District
Limited Tax Bonds, Refunding 2015 Series A**

Notice is hereby given to the applicable owners of the outstanding above-referenced bonds (the “Defeased Bonds”), that there have been deposited with U.S. Bank Trust Company, National Association (the “Trustee”), moneys from the San Mateo County Transit District (the “District”), which will be sufficient, as evidenced by a verification report delivered to the Trustee, to pay the redemption price of and interest on the Defeased Bonds through and including the redemption date of June 1, 2025. The redemption price of, and interest on, such Defeased Bonds shall be paid only from moneys deposited with the Trustee as aforesaid. As a result of such deposit, such Defeased Bonds are deemed to have been paid in accordance with the applicable provisions of the Indenture pursuant to which the Bonds were issued.

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (Base No. 799054)*</u>
2025	\$12,390,000	5.000%	GX3
2026	13,010,000	5.000	GY1
2027	13,660,000	5.000	GZ8
2028	14,340,000	5.000	HA2
2029	15,065,000	5.000	HB0
2030	13,815,000	5.000	HP9
2030	2,000,000	3.125	HN4
2031	16,565,000	5.000	HC8
2032	17,395,000	4.000	HD6
2033	11,090,000	4.000	HM6
2033	7,000,000	3.250	HE4
2034	12,675,000	3.375	HF1

* Neither the District nor the Trustee shall be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their accuracy. They are included solely for the convenience of the owners.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee and Escrow Agent

Dated: [March 6], 2025

EXHIBIT D

NOTICE OF REDEMPTION ON JUNE 1, 2025

**San Mateo County Transit District
Limited Tax Bonds, Refunding 2015 Series A**

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (Base No. 799054)*</u>
2026	\$13,010,000	5.000%	GY1
2027	13,660,000	5.000	GZ8
2028	14,340,000	5.000	HA2
2029	15,065,000	5.000	HB0
2030	13,815,000	5.000	HP9
2030	2,000,000	3.125	HN4
2031	16,565,000	5.000	HC8
2032	17,395,000	4.000	HD6
2033	11,090,000	4.000	HM6
2033	7,000,000	3.250	HE4
2034	12,675,000	3.375	HF1

* Neither the District nor the Trustee shall be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their accuracy. They are included solely for the convenience of the owners.

NOTICE IS HEREBY GIVEN to the owners of the above-referenced bonds (the “Bonds”) issued by the San Mateo County Transit District (the “District”) on April 22, 2015, that such Bonds have been called for redemption, prior to maturity, on June 1, 2025 (the “Redemption Date”). On the Redemption Date there will be due and payable on each of such Bonds the redemption price of one hundred percent (100%) of the principal amount thereof (the “Redemption Price”), plus accrued interest thereon to the Redemption Date, without premium. From and after the Redemption Date, interest on such Bonds shall cease to accrue.

Payment of the Redemption Price on the Bonds called for redemption will be paid only upon presentation and surrender to the Trustee for the Bonds at:

U.S. Bank Trust Company, National Association
[111 Fillmore Avenue E
St. Paul, MN 55107
Attn: Global Corporate Trust]

Important Notice

All Owners submitting their Bonds for redemption must also submit a form W-9. Failure to provide a completed form W-9 will result in a 24% backup withholding to the owners of the Bonds pursuant to the Tax Cuts and Jobs Act of 2017.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee and Escrow Agent

DATED this _____ day of _____, 2025.

[\$[PAR]]
SAN MATEO COUNTY TRANSIT DISTRICT
LIMITED TAX BONDS,
REFUNDING 2025 SERIES A

BOND PURCHASE AGREEMENT

[Sale Date]

San Mateo County Transit District
1250 San Carlos Avenue
San Carlos, CA 94070
Attention: Kate Jordan Steiner, Chief Financial Officer

Ladies and Gentlemen:

BofA Securities, Inc., on behalf of itself and as representative (the “Representative”) of J.P. Morgan Securities LLC and Wells Fargo Bank, National Association (collectively, with the Representative, the “Underwriters”) hereby offers to enter into this Bond Purchase Agreement with the San Mateo County Transit District (the “District”) which, upon the District’s acceptance hereof, will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the District and the delivery of such acceptance to the Representative or its attorney at or prior to 6:00 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Representative upon notice delivered to the District at any time prior to the acceptance hereof by the District.

The Representative represents and warrants to the District that it has been duly authorized to enter into this Bond Purchase Agreement and to act hereunder by and on behalf of the Underwriters.

1. Definitions. All capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture, as defined below. Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“Bonds” shall mean \$[PAR] San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A.

“Bond Purchase Agreement” shall mean this Bond Purchase Agreement.

“Bond Resolution” shall mean Resolution No. 2025-__ adopted by the District on February 5, 2025.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the District is legally authorized to close.

“Closing Date” shall have the meaning given such term in Section 7 hereof.

“Closing Time” shall mean the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 hereof.

“Collection Agreement” shall mean the Amended and Restated Agreement for State Administration of District Transactions and Use Taxes between the District and the State Board of Equalization, dated as of December 1, 1990.

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate dated [Closing Date], by and between the District and the Trustee (defined below) as Dissemination Agent.

“County” shall mean the County of San Mateo.

“End Date” shall have the meaning set forth in Section 2 hereof.

“Escrow Agreement” shall mean the Escrow Agreement dated as of March 1, 2025, by and between the District and U.S. Bank Trust Company, National Association, as escrow agent, in connection with the refunding of the Refunded 2015 Bonds.

“Indenture” shall mean the Indenture of Trust, dated as of March 1, 2025, by and between the District and U.S. Bank Trust Company, National Association (the “Trustee”), as supplemented by the First Supplemental Indenture of Trust, dated as of March 1, 2025, by and between the District and the Trustee.

“Law” shall mean Part 15 of Division 10 of the California Public Utilities Code (the “San Mateo County Transit District Act”) and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in the San Mateo County Transit District Act.

“Legal Documents” shall mean the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement and the Tax Certificate.

“Official Statement” shall mean the Official Statement of the District, dated [Sale Date] relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Ordinance” shall mean Ordinance No. 20, adopted by the Board of Directors of the District on July 22, 1981, Ordinance No. 28, adopted by the Board of Directors of the District on December 14, 1983, and Ordinance No. 30, adopted by the Board of Directors of the District on March 27, 1985, relating to the transactions and use tax levied pursuant thereto.

“Preliminary Official Statement” shall mean the Preliminary Official Statement of the District, dated [POS Date], relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements.

“Rule 15c2-12” shall mean Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“Sales Tax” shall have the meaning as defined in the Indenture.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate of the District dated the Closing Date.

2. Use and Preparation of Official Statement; Continuing Disclosure Certificate. The District has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, which the District has deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The District shall prepare and deliver to the Underwriters, as promptly as practicable, but in no event later than seven (7) business days from the date hereof and at least two (2) business days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Underwriter, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 to enable the Underwriter to comply with MSRB Rule G-32. The District hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the Bonds. The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriters no later than one (1) business day prior to the Closing Date to enable the Underwriters to comply with MSRB Rule G-32. The Representative agrees to promptly file a copy of the Official Statement, including any supplements prepared by the District, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The District shall deliver sufficient copies of the Official Statement to enable the Underwriters to distribute a single copy 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 a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the District may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Representative. In any event, the Representative shall promptly notify the District of the end of the underwriting period.

The District will undertake pursuant to a Continuing Disclosure Certificate to provide certain annual financial and operating information and certain material event notices. A description of this undertaking is set forth in the Official Statement.

3. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the District the Bonds for offering to the public, and the District hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[PAR] aggregate principal amount of the Bonds at an aggregate purchase price of \$_____ (the “Purchase Price”), representing the aggregate principal amount of the Bonds, plus [net] original issue [premium] of \$_____, less an Underwriters’ discount of \$_____.

4. The Bonds. The principal amounts, maturity dates, interest rates and prices with respect to the Bonds shall be as described in the Official Statement and in Appendix A hereto.

5. Public Offering; Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District on the Closing Date an “issue price” or similar certificate, substantially in the form attached hereto as Appendix B, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except for the maturities set forth in Appendix A attached hereto,] the District represents that it will treat the first price at which 10% of each maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). [If, as of the date hereof, the 10% Test has not been satisfied as to any maturity of the Bonds for which the District has elected to utilize the 10% Test, the Representative agrees to promptly report to the District the prices at which Bonds of that maturity or maturities have been sold by the Underwriters to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% Test has been satisfied as to the Bonds of that maturity or maturities or the Closing Date.]

[(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Appendix A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% Test has not been satisfied and for which the District and the Representative, on behalf of the Underwriters, agrees that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold 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:

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

[(c)][(d)] The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the 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 Bonds of each maturity allocated to it until either all 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 Bonds of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of 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 Bonds to the public (each such term being used as defined below), and

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

(ii) any agreement among underwriters and any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 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 Bonds of each maturity allocated to it until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

The District acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 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 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 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 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 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 issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.]

[(d)][(e)] The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the 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 to an underwriter,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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 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 Bonds to the public),
- (iii) a purchaser of any of the 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), and
- (iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

6. Use of Documents. The District hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., on [Closing Date], or at such other time or on such later date as shall have been mutually agreed upon by the District and the Representative (the “Closing Date”). At the Closing Time, the District will deliver or cause to be delivered the Bonds to the Representative through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the District, together with the other documents

hereinafter mentioned; and the Representative will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Representative to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Nixon Peabody LLP (“Bond Counsel”) in Los Angeles, California or at such other place as shall have been mutually agreed upon by the District and the Representative.

8. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriters that:

(a) The District is a transit district, duly created and validly existing under the laws of the State, including the Law, and has the power to issue the Bonds pursuant to provisions of the Indenture, the Bond Resolution and the Legal Documents.

(b) The District has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Sales Tax, to adopt the Bond Resolution and the Ordinance, to enter into the Collection Agreement, the Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Bonds to the Representative as provided herein; the District has full legal right, power and authority to perform its obligations under the Ordinance, the Collection Agreement, the Bond Resolution, the Bonds, the Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the District has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Law, the Ordinance and laws of the State, and the terms of the Bond Resolution, the Bonds, the Legal Documents and this Bond Purchase Agreement.

(c) Except as described in the Preliminary Official Statement and the Official Statement, by all necessary official action, the District has duly adopted the Ordinance.

(d) By all necessary official action, the District has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, this Bond Purchase Agreement and the Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Legal Documents. When executed and delivered by their respective parties, the Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect

and each will constitute legal, valid and binding agreements or obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriters as provided herein, will constitute legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(f) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or District having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of the Legal Documents by the District 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, as to which no representation is made).

(g) Except as described in the Preliminary Official Statement and the Official Statement, the District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Bond Purchase Agreement and the Legal Documents and compliance with the District's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District 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 District or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Legal Documents.

(h) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or,

to the best of the District's knowledge, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the proceedings authorizing and approving the Sales Tax, the levy or collection of the Sales Tax; (iii) in any way contesting or affecting, as to the District, the validity or enforceability of the Law, the proceedings authorizing the Sales Tax, the Bond Resolution, the Bonds, the Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the District or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution or the Ordinance, or the execution and delivery of the Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to levy the Sales Tax; (v) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under this Bond Purchase Agreement, the Legal Documents or the Bonds; nor to the best of the District's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Law, the proceedings authorizing the Sales Tax, the Bond Resolution, the Ordinance, the Legal Documents or this Bond Purchase Agreement or the performance by the District of its obligations thereunder, or the authorization, execution, delivery or performance by the District of the Bonds, the Bond Resolution, the Legal Documents or this Bond Purchase Agreement.

(i) Between the date hereof and the Closing Time, the District will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the District or except for such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(j) The District will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in 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 the District will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the District be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriters of receipt by the District of any written notification with regard to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(k) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Law, the Ordinance, the Bond Resolution and the Indenture, and will not take or

omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) The Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement (other than the information as to principal amounts, interest rates, redemption provisions and other information subject to change) and the Official Statement under the captions “DESCRIPTION OF THE SERIES 2025 BONDS” and Appendix F — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — Purpose and Application of Proceeds of the Series 2025 Bonds” and “PLAN OF REFUNDING”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(m) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12) and certain terms of the Bonds left blank or marked preliminary, subject to change, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made.

(n) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(p) The District shall not amend or supplement the Official Statement without the prior written consent of the Representative, which shall not be unreasonably withheld. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriters thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriters.

(q) Except as described in the Preliminary Official Statement and the Official Statement, the District has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(r) The District is not in default in any material respect on any bond, note or other obligation for borrowed money or under any agreement under which any such obligation is outstanding, and at no time has defaulted in any material respect on any payment obligation with respect to such outstanding bonds, notes or other obligations for borrowed money.

(s) The financial statements of, and other financial information regarding, the District in the Preliminary Official Statement and the Official Statement relating to the receipts, expenditures and cash balances of Revenues by the District as of June 30, 2024, fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the District as of the dates and for the periods therein set forth. The financial statements of the District have been prepared in accordance with generally accepted accounting principles consistently applied. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the District or in its operations since June 30, 2024 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(t) Prior to the Closing Time, the District will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the District.

(u) Upon the delivery of the Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture, together with all outstanding Senior Lien Obligations, will not in combination with all other outstanding debt obligations of the District exceed any limitation imposed by law or by the Indenture.

(v) The sum of the principal of and interest on the Bonds, together with all outstanding Senior Lien Obligations and all other outstanding debt obligations of the District, does not exceed the estimated proceeds of the retail transactions and use tax for the period for which the retail transactions and use tax is to be imposed by the District.

(w) Except as otherwise set forth in the Preliminary Official Statement and the Official Statement, the District has complied in all material respects during the previous five years with all previous undertakings required pursuant to Rule 15c2-12.

(x) Any certificate, signed by any official of the District authorized to do so in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein.

9. Conditions to the Underwriters' Obligations. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the District contained herein and upon the documents and instruments to be delivered at the

Closing Time. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the District contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate District official or officials dated the Closing Date, and the District shall be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Law, the Ordinance, the Bond Resolution and the Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the District and the Representative, and (ii) the District shall perform or have performed all of its obligations required under or specified in the Law, the Ordinance, the Bond Resolution, the Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the District relating to this Bond Purchase Agreement, the Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the District, the Law, the Ordinance, the Sales Tax, the Revenues, or the Bonds as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, the District shall not have suspended or advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof, and the General Counsel to the District, shall not have advised the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof other than as disclosed in the Preliminary Official Statement and the Official Statement;

(f) At or prior to the Closing Date, the Representative shall receive copies of each of the following documents:

(1) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the District by its Executive Director.

(2) An approving opinion of Bond Counsel, dated the Closing Date, as to the validity of the Bonds, the exclusion of interest on the Bonds from federal gross income and the exclusion of interest on the Bonds from State income taxation, addressed to the District substantially in the form attached as Appendix F to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters.

(3) A supplemental opinion of Bond Counsel, addressed to the Underwriters, to the effect that:

(i) The Bond Purchase Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by the Representative, is valid and binding upon the District, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State of California;

(ii) The statements contained in the Official Statement in the sections entitled "DESCRIPTION OF THE SERIES 2025 BONDS" (other than the information concerning DTC and the book-entry system), "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS", "TAX MATTERS" and APPENDIX F—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements purport to summarize certain provisions of the Indenture, the Bonds, and the form and content of such counsel's opinion attached as Appendix F to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

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

(4) A letter, dated the Closing Date and addressed to the District and the Underwriters, from Nixon Peabody LLP, in Los Angeles, California, Disclosure Counsel, substantially in the form attached as Appendix C hereto.

(5) The opinion of Orrick, Herrington & Sutcliffe LLP, Underwriters' Counsel, addressed to the Underwriters, in form and substance acceptable to the Representative, covering such items as the Representative may request.

(6) The opinion of the General Counsel to the District, dated the Closing Date, addressed to the Underwriters and the Trustee, to the effect that:

(i) the District is a public transit district, duly organized and validly existing under the laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents, the Bond Purchase Agreement, the Ordinance, and the Collection Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement and the use, execution and distribution of the Official Statement;

(c) to issue, sell, execute and deliver the Bonds; (d) to cause the Sales Tax to be levied and collected as described in the Preliminary Official Statement and the Official Statement; (e) to pledge the Revenues as contemplated by the Legal Documents; and (f) to carry on its activities as currently conducted;

(ii) the electorate validly and legally approved on November 5, 1974, Proposition A which authorized the formation of the District;

(iii) the Ordinance and the Bond Resolution each were duly adopted at meetings of the Board of Directors of the District, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout, and neither has been amended, modified or rescinded since the respective dates of their adoption except as referred to hereinabove;

(iv) the District has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the District has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Legal Documents and the Bonds;

(v) the adoption of the Ordinance and the Bond Resolution, the execution and delivery by the District of the Bond Purchase Agreement, the Legal Documents and the Bonds and the compliance with the provisions of the Ordinance, Bond Purchase Agreement, the Legal Documents and the Bonds, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the District a material breach of or default under any agreement or instrument to which the District is a party or by which it is bound;

(v) the Bond Resolution, the Ordinance, the Collection Agreement, the Bonds, the Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the District and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) no litigation is pending with service of process completed or, to the best of such counsel's knowledge after due inquiry, threatened against the District in any court in any way affecting the titles of the officials of the District to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bond Resolution, the Ordinance, the Collection

Agreement, the Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the District or its authority with respect to the Ordinance, the Collection Agreement, the Bonds, the Bond Resolution, the Legal Documents or the Bond Purchase Agreement, or questioning the organization or existence of the District;

(vii) the information contained in the Preliminary Official Statement and the Official Statement under the captions “THE SALES TAX,” “ABSENCE OF MATERIAL LITIGATION” and APPENDIX A – “INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT” does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to the best of such counsel’s knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the District of the Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriter);

(ix) to the best of such counsel’s knowledge after due inquiry, the District is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default would materially adversely affect the District’s ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the District’s ability to enter into or perform its obligations under the Legal Documents and the Bond Purchase Agreement; and

(x) no appropriations of the District are “appropriations subject to limitation” under Article XIII B of the Constitution of the State of California.

(7) A certificate, dated the Closing Date and signed by such officials of the District as shall be satisfactory to the Representative, to the effect that (i) the representations, warranties and covenants of the District contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution, the Ordinance and the Collection Agreement are each in full force and effect at the Closing Time and have not been amended, modified or supplemented, except as agreed to by the District and the

Representative; (iii) the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the District, whether or not arising in the ordinary course of the District's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement, as of its date and as of the Closing Date, did not and does not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(8) The audited financial statements of the District relating to the receipts, expenditures and cash balances of Sales Tax Revenues by the District as of June 30, 2024 included in the Official Statement, certified by the District on the Closing Date as being correct and complete.

(9) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Representative, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Legal Documents to which the Trustee is a party and has duly authenticated and delivered the Bonds;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of

such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the Bonds as provided in the Indenture.

(10) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Legal Documents to which the Trustee is a party.

(11) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the District and the Underwriters, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin

the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Bonds or the Legal Documents to which it is a party.

- (12) Evidence of signature authority and incumbency of the Trustee.
- (13) A certified copy of the proceedings relating to authorization and approval of the Sales Tax.
- (14) A copy of the executed Collection Agreement, including all amendments thereto.
- (15) A certified copy of the Bond Resolution.
- (16) Fully executed copies of each of the Legal Documents.
- (17) Evidence of required filings with the California Debt and Investment Advisory District.
- (18) A copy of the Blue Sky Survey with respect to the Bonds.
- (19) A Tax Certificate of the District, in form satisfactory to Bond Counsel, signed by such officials of the District as shall be satisfactory to the Representative.
- (20) Evidence as of the Closing Date satisfactory to the Representative that the Bonds have received a rating of “___” from S&P Global Ratings and that such rating has not been revoked or downgraded.
- (21) A copy of the verification report of Samuel Klein and Company, Certified Public Accountants, and defeasance opinion of Bond Counsel, each as shall be satisfactory to the Representative;
- (22) A completed Internal Revenue Service Form 8038-G, signed on behalf of the District by the [Chief Financial Officer] or other authorized officer of the District;
- (23) Evidence of the filing with the California Debt and Investment Advisory Commission of the Report of Proposed Debt Issuance and Report of Final Sale;
- (24) A copy of the Blanket Issuer Letter of Representations executed by the District and delivered to The Depository Trust Company, New York, New York, relating to the book-entry system; and
- (25) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the

District herein contained and of the Official Statement and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

10. Termination.

If the District shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Representative to the District in writing, or by telephone confirmed in writing. The performance by the District of any and all conditions contained in this Bond Purchase Agreement for the benefit of the Underwriters may be waived by the Representative.

(a) The Underwriters shall also have the right, before the time of Closing, to cancel their obligations to purchase the Bonds, by written notice by the Representative to the District, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (A) the District refuses to permit the Preliminary Official Statement or 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 Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds;

(ii) The market for the Bonds or the market prices of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(1) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether

or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the District or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, may have the purpose or effect, directly or indirectly, of affecting the tax status of the District, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or California authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the District or obligations of the general character of the Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any Legal Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(vii) any material adverse change in the affairs or financial condition of the District, except for such changes which the Preliminary Official Statement or the Official Statement discloses that are expected to occur;

(viii) any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Law, the Ordinance, the Authorizing Resolution, the Legal Documents or the existence or powers of the District with respect to its obligations under the Legal Documents; or

11. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder and (ii) receipt by the District and the Representative of opinions addressed to the Underwriters and certificates being delivered at the Closing Time by persons and entities other than the District.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) the District will not adopt any amendment of, or supplement to, the Official Statement to which the Representative shall object in writing or that shall be disapproved by the Underwriters' Counsel and (b) if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of Underwriters' Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the District will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriters' Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Bonds, not misleading.

13. Expenses.

(a) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriters shall be under no obligation to pay and the District hereby agrees to pay any expenses incident to the performance of the District's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; (vii) fees of the California Debt Investment Advisory Commission, and (vii) any out-of-pocket disbursements of the District. The District shall also pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the District's employees and representatives which are in connection with this Bond Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees and representatives.

(b) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Bonds by the MSRB or Financial Industry Resources Authority; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds (excluding any expenses of the District and its employees or agents); and (iii) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel. The Underwriters are required to pay the fees to the District in connection with the Bond offering. The District acknowledges that it has had the 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 District agrees to reimburse the Underwriters for such fees.

14. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the District, addressed to:

San Mateo County Transit District
1250 San Carlos Avenue
San Carlos, CA 94070
Attention: Kate Jordan Steiner, Chief Financial Officer

or if to the Underwriter, addressed to:

BofA Securities, Inc.
333 South Hope Street, Suite 3820
Los Angeles, CA 90071
Attention: Bryon Rockwell, Managing Director

15. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters and is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters). No

other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery to and payment by the Underwriters for the Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

16. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

17. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Bond Purchase Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Bond Purchase Agreement using an electronic signature, it is signing, adopting, and accepting this Bond Purchase Agreement and that signing this Bond Purchase Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Bond Purchase Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Bond Purchase Agreement in a usable format.

18. No Advisory or Fiduciary Role. The District acknowledges and agrees that: (i) the primary role of the Underwriters is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the District and the Underwriters and that the Underwriters have financial and other interests that differ from those of the District; (ii) the Underwriters are not acting as a municipal advisor, financial advisor, or fiduciary to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters); and (iii) the District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the District would like a municipal advisor in this transaction that has legal fiduciary duties to the District, then the District is free to engage a municipal advisor to serve in that capacity.

19. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

BOFA SECURITIES, INC., as Representative

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

SAN MATEO COUNTY TRANSIT DISTRICT

By: _____
[Kate Jordan Steiner]
[Chief Financial Officer]

19. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

BOFA SECURITIES, INC., as Representative

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

SAN MATEO COUNTY TRANSIT DISTRICT

By: _____
[Kate Jordan Steiner]
[Chief Financial Officer]

APPENDIX A

MATURITY SCHEDULE

\$(PAR)

SAN MATEO COUNTY TRANSIT DISTRICT
LIMITED TAX BONDS,
REFUNDING 2025 SERIES A

<u>Maturity (June 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Price (%)</u>	<u>10% Test Met as of Pricing</u>	<u>Subject to Hold-the- Offering Price Rule</u>
------------------------------	----------------------------------	------------------------------	------------------	------------------	-------------------------------------------	-------------------------------------------------------------

[^C Priced to the par call date of June 1, 20__.]

Optional Redemption of the 2025 Series A Bonds. [The 2025 Series A Bonds are not subject to optional redemption prior to their stated maturity dates.]

APPENDIX B

CERTIFICATE OF THE UNDERWRITERS REGARDING OFFERING PRICES

The undersigned, on behalf of BofA Securities, Inc. (“BofA”), on behalf of itself and as representative (the “Representative”) of J.P. Morgan Securities LLC and Wells Fargo Bank, National Association (collectively with the Representative, the “Underwriters”) hereby certifies as set forth below with respect to the sale and issuance of the \$[PAR] aggregate principal amount of San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A (the “Bonds”).

1. *Bond Purchase Agreement.* On [Sale Date] (the “Sale Date”), BofA and the District executed a Bond Purchase Agreement (the “Purchase Agreement”) in connection with the sale of the Bonds. BofA has not modified the Purchase Agreement since its execution on the Sale Date

2. *Price.* As of the date hereof, the first price at which at least 10% of each Maturity of the Bonds was sold by BofA to the Public was the Initial Offering Price set forth on Schedule 1 hereto.

3. *Defined Terms.*

(a) “District” means the San Mateo County Transit District.

(b) “Initial Offering Price” means the prices or yields set forth on the inside cover page of the District’s Official Statement in respect of such Bonds dated [Sale Date].

(c) “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.

(d) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the District (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).

4. *Arbitrage Yield.* We have calculated the arbitrage yield with respect to the Bonds to be _____% in accordance with the following instructions provided by Nixon Peabody LLP (“Bond Counsel”). Bond Counsel has advised that yield on the Bonds is the discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal and interest on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the issue date. Bond Counsel has advised that the issue price is determined based on the prices of each Maturity of the

Bonds listed in Schedule 1 as described in paragraph 2 above. Bond Counsel has also advised that the yield of Maturities that are subject to optional early redemption should be calculated by assuming that the applicable Maturity is redeemed on the redemption date that results in the lowest yield on that Maturity. To the extent that we provided the District and Bond Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Bonds, these computations are based on our understanding of directions that we have received from Bond Counsel regarding their interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Bond Counsel.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents BofA'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 District with respect to certain of the representations set forth in the attached Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel 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 Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the underwriting syndicate.

Dated: [Closing Date]

BOFA SECURITIES, INC., as
Representative

By: _____
Authorized Representative

**SCHEDULE 1
ISSUE PRICES**

See Appendix A of the Bond Purchase Agreement.

APPENDIX C

FORM OF LETTER OF DISCLOSURE COUNSEL

[To Come]

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

NEW ISSUE – BOOK ENTRY ONLY

RATING: S&P: “[]”
See “RATING” herein.

In the opinion of Nixon Peabody LLP, 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 District described herein, interest on the Series 2025 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 such interest 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 Series 2025 Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. See “TAX MATTERS” herein regarding certain other tax considerations.

\$ _____*

SAN MATEO COUNTY TRANSIT DISTRICT
LIMITED TAX BONDS,
REFUNDING 2025 SERIES A

[SamTrans Logo]

Date: Date of Delivery

Due: June 1, as set forth on inside cover hereof

The San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A (the “Series 2025 Bonds”) are being issued by the San Mateo County Transit District (the “District”) to refund all of the outstanding limited tax bonds previously issued by the District, all of which were issued to assist in the financing or refinancing of facilities necessary or convenient for the provision of transit services. The Series 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2025, as supplemented by the First Supplemental Indenture of Trust, dated as of March 1, 2025 (collectively, the “Indenture”), between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The Series 2025 Bonds will be issued in book entry form only, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Series 2025 Bonds will not receive certificates representing their interests in the Series 2025 Bonds purchased. Individual purchases of Bonds will be made in principal amounts of \$5,000 or any integral multiple thereof.

Interest on the Series 2025 Bonds is payable on [December] 1, 2025 and semiannually thereafter on December 1 and June 1 of each year. Payments of interest on and principal of the Series 2025 Bonds will be paid to DTC. DTC will in turn remit such interest and principal to its participants, which will in turn remit such interest and principal to the beneficial owners of the Series 2025 Bonds. See Appendix E “Book Entry Only System” herein.

The Series 2025 Bonds are not subject to redemption prior to their respective stated maturities. See “Description of the Series 2025 Bonds Redemption Provisions” herein.

The Series 2025 Bonds are limited obligations of the District payable from the receipts of a one-half percent retail transactions and use tax (the “Sales Tax”) imposed in the County of San Mateo, California (the “County”) to assist in the financing or refinancing of facilities necessary or convenient for the provision of transit services. See “Security and Source of Payment for the Series 2025 Bonds” herein. Pursuant to the Indenture, the District may issue additional bonds and other obligations secured by and payable from the Sales Tax Revenues on a parity basis with the Series 2025 Bonds. See “Security and Source of Payment for the Series 2025 Bonds.”

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM AND SECURED BY A PLEDGE OF THE SALES TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THE DISTRICT TO THE EXTENT OF THE PLEDGE MADE PURSUANT TO THE INDENTURE, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2025 BONDS.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2025 Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of validity by Nixon Peabody LLP, Bond Counsel to the District. Certain legal matters will be passed upon for the District by its

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or 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 prior to registration or qualification under the securities laws of any such jurisdiction.

general counsel, Hanson Bridgett LLP, and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. It is anticipated that the Series 2025 Bonds will be available for delivery through the facilities of DTC on or about March __, 2025.

BofA Securities

J.P. Morgan

Wells Fargo Securities

Dated: February __, 2025.

\$ _____^{*}
**SAN MATEO COUNTY TRANSIT DISTRICT
LIMITED TAX BONDS,
REFUNDING 2025 SERIES A**

<u>Maturity Date (June 1)</u>	<u>Principal Amount[*]</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
---------------------------------------	-----------------------------------------	--------------------------	--------------	--------------

^{*} Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of District, the Underwriters or their agents or counsel assume responsibility for the selection, accuracy or uses of such numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 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 Series 2025 Bonds.

This Official Statement does not constitute an offer to sell the Series 2025 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the San Mateo County Transit District (the "District") or the underwriters identified on the cover page of this Official Statement (the "Underwriters") to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation or sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Series 2025 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025 Bonds. Statements contained in this Official Statement, which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been obtained from sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. No representation, warranty or guarantee is made by the Municipal Advisor identified herein as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the appendices hereto, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Municipal Advisor.

This Official Statement contains forecasts, projections and estimates that are based on current expectations or assumptions. When included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements which speak only as of the date of this Official Statement. Any such statements inherently are subject to a variety of risks and uncertainties which could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in economic conditions, federal, state and local statutory and regulatory initiatives, litigation, seismic events, and various other events, conditions and circumstances, many of which are beyond the control of the District. The inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the District that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The achievement of certain results or other expectations contained in such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when any of its expectations, or events, conditions or circumstances on which such statements are based occur.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The District maintains a website. However, the data and information presented therein is not incorporated by reference in this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2025 Bonds.

The Series 2025 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

In connection with this offering, the Underwriters may effect transactions which stabilize or maintain the market price of such 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 such Bonds to certain dealers, dealer banks, banks acting as agent for certain purchasers, and institutional investors at prices lower than the public offering price stated on the inside cover page of this Official Statement, and said public offering price may be changed from time to time by the Underwriters.

[INSERT MAP OF SAMTRANS SYSTEM]

SAN MATEO COUNTY TRANSIT DISTRICT

BOARD OF DIRECTORS

Jeff Gee, Chair
Maria Chuang, Vice Chair

David J. Canepa
Brooks Esser
Marina Fraser
Rico E. Medina

Jackie Speier
Josh Powell
Peter Ratto

General Manager/CEO
April Chan

Chief Financial Officer
Kate Jordan Steiner

Treasury Director
Julijana Taskovic

GENERAL COUNSEL TO DISTRICT

Hanson Bridgett LLP
San Francisco, California

MUNICIPAL ADVISOR

Ross Financial
San Francisco, California

BOND COUNSEL

Nixon Peabody LLP
Los Angeles, California

TRUSTEE

U.S. Bank Trust Company, National Association
San Francisco, California

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General	1
Authorization for Issuance of Bonds	1
Security and Source of Payment for the Series 2025 Bonds	1
Obligations Secured by Sales Tax Revenues; Future Financing Plans	2
Purpose and Application of Proceeds of the Series 2025 Bonds	3
Certain Investment Considerations.....	3
References	3
PLAN OF REFUNDING.....	3
DESCRIPTION OF THE SERIES 2025 BONDS.....	4
General Terms and Provisions.....	4
No Redemption of the Series 2025 Bonds.....	5
ESTIMATED SOURCES AND USES OF FUNDS	5
DEBT SERVICE REQUIREMENTS	6
DEBT SERVICE SCHEDULE.....	6
SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS	6
Pledge of Sales Tax Revenues	6
Allocation of Sales Tax Revenues	7
Additional Bonds and Other Obligations	8
THE SALES TAX	11
General Description.....	11
Collection of the Sales Tax.....	12
Historical Sales Tax Revenues and Historical Debt Service Coverage	12
Other Sales Taxes Imposed in the County	13
INVESTMENT CONSIDERATIONS.....	14
Economic Conditions	14
Collection of the Sales Tax.....	15
Other State Sales Taxes; District Plans; Changes in Taxable Items.....	15
Bankruptcy Considerations	15
Climate Change and Sea Level Rise	17
Climate Change Regulations	18
Seismic Risks	18
Effect of Growth of Internet Commerce.....	19
Proposition 218 and Proposition 26	19
Further Initiatives	19
Additional Bonds.....	19
No Acceleration Provision.....	20
No Reserve Fund for the Series 2025 Bonds.....	20
Loss of Tax Exemption.....	20
Cybersecurity	20
Risks Related to Federal Administration and Changes in Law	21
RATING	21
TAX MATTERS	21
Federal Income Taxes.....	21

Table of Contents (continued)

	<u>Page</u>
State Taxes.....	22
Original Issue Discount.....	22
Original Issue Premium.....	22
Ancillary Tax Matters.....	22
Changes in Law and Post Issuance Events.....	23
CONTINUING DISCLOSURE.....	23
ABSENCE OF MATERIAL LITIGATION.....	23
AUDITED FINANCIAL STATEMENTS.....	24
VERIFICATION OF MATHEMATICAL ACCURACY.....	24
MUNICIPAL ADVISOR.....	24
LEGAL MATTERS.....	25
UNDERWRITING.....	25
OTHER MATTERS.....	25
Appendix A — Information Regarding the San Mateo County Transit District.....	A-1
Appendix B — Audited Financial Statements of the San Mateo County Transit District for Fiscal Years Ended June 30, 2024 and 2023.....	B-1
Appendix C — San Mateo County Transit District Statement of Investment Policy.....	C-1
Appendix D — Economic and Demographic Data Pertaining to the County of San Mateo.....	D-1
Appendix E — Book-Entry Only System.....	E-1
Appendix F — Definitions and Summary of Certain Provisions of the Indenture.....	F-1
Appendix G — Form of Continuing Disclosure Agreement.....	G-1
Appendix H — Proposed Form of Opinion of Bond Counsel.....	H-1

OFFICIAL STATEMENT

\$ _____ *

San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A

INTRODUCTION

General

This Official Statement, which includes the inside cover page and appendices hereto, sets forth certain information in connection with the offering of \$ _____* aggregate principal amount of San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A (the “Series 2025 Bonds”) to be issued by the San Mateo County Transit District (the “District”). This introduction is not a summary of the Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Authorization for Issuance of Bonds

The Series 2025 Bonds are being issued pursuant to the San Mateo County Transit District Act (constituting Part 15 of Division 10 of the California Public Utilities Code) (the “Act”) and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code as referenced in the Act (collectively, the “Law”), and an Indenture of Trust, dated as of March 1, 2025, as supplemented by the First Supplemental Indenture of Trust, dated as of March 1, 2025 (collectively, the “Indenture”), each by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.

Security and Source of Payment for the Series 2025 Bonds

The Series 2025 Bonds are limited obligations of the District and are payable as to both principal and interest, and any premium upon redemption thereof, solely from Revenues (as defined herein) as provided in the Indenture and described herein. Revenues consist of all Sales Tax Revenues (as more fully defined herein, the “Sales Tax Revenues”) and certain amounts held by the Trustee in certain funds and accounts established under the Indenture. Sales Tax Revenues consist of the amounts available for distribution to the District on and after December 1, 1990 on account of the retail transactions and use tax applicable in the incorporated and unincorporated territory within the County of San Mateo (the “County”) levied at the rate of one-half of one percent (1/2%) and imposed pursuant to the provisions of the Law and the Ordinance (defined herein) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, collection of which commenced July 1, 1982 (the “Sales Tax”), after deducting amounts payable by the District to the California Department of Tax and Fee Administration (the “CDTFA”) for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law and the Ordinance. Enactment of the Sales Tax pursuant to the provisions the Act was authorized by a majority of the voters of the County voting on Proposition A, the ballot proposition which also authorized the formation of the District, at an election held in the County on November 5, 1974 (“Proposition A”). On July 22, 1981, pursuant to the provisions of the Act, the Board of Directors of the District adopted Ordinance No. 20 (as supplemented and amended by Ordinance No. 28 and Ordinance No. 30, the “Ordinance”) imposing the Sales Tax. The Sales Tax was levied

* Preliminary, subject to change.

commencing July 1, 1982 and does not expire. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS - Pledge of Sales Tax Revenues” and “THE SALES TAX.”

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM AND SECURED BY A PLEDGE OF THE SALES TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THE DISTRICT TO THE EXTENT OF THE PLEDGE MADE PURSUANT TO THE INDENTURE, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2025 BONDS.

Obligations Secured by Sales Tax Revenues; Future Financing Plans

Upon issuance of the Series 2025 Bonds (will be issued as “Senior Lien Bonds”) and the refunding of all of the 2015 Bonds (defined herein), the Series 2025 Bonds will be the only obligations of the District secured by the Sales Tax Revenues and the pledge made pursuant to the Indenture. However, the District currently anticipates the need to issue additional Senior Lien Bonds (defined herein) in Fiscal Year 2026 to finance the acquisition of and improvements to a new headquarters building and additional capital projects from the capital improvement plan anticipated to be brought to the Board of Directors of the District (the “District Board of Directors”) for consideration later in Fiscal Year 2025. The funding plan for the headquarters building and other capital projects has not been formulated and are subject to District Board of Directors’ approval, market conditions and other factors. See “INVESTMENT CONSIDERATIONS—Additional Bonds,” “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS—Additional Bonds and Other Obligations—*Additional Senior Lien Bonds*” and “APPENDIX A—INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT—Strategic Plans, Short Range Transit Plans and Capital Improvement Plans.”

Additional Senior Lien Debt

Additional bonds, notes and other obligations (the “Senior Lien Debt”) secured by the pledge made pursuant to the Indenture and payable from the Revenues (including Sales Tax Revenues) equally and ratably with the Series 2025 Bonds as provided in the Indenture may be issued or incurred subject to the satisfaction of certain conditions of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS – Obligations of the District Payable from Sales Tax Revenues – Additional Senior Lien Bonds,” “– Refunding Senior Lien Bonds,” and “– Senior Lien Obligations” herein. The Series 2025 Bonds and any additional bonds and notes authorized by, and at any time Outstanding under, the Indenture are referred to collectively herein as the “Bonds.”

Subordinate and Junior Obligations

Additional obligations secured by the pledge made pursuant to the Indenture and payable from the Revenues (including Sales Tax Revenues) on a basis subordinate to the Senior Lien Debt (including the Series 2025 Bonds) and senior to Junior Obligations (as defined below) as provided in the Indenture (the “Subordinate Obligations”) may be issued or incurred subject to the satisfaction of certain conditions of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS – Obligations of the District Payable from Sales Tax Revenues – Subordinate Obligations” and “– Refunding Subordinate Obligations” and APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Indenture – *Subordinate Obligations*” herein.

Additional obligations may also be secured by the pledge made pursuant to the Indenture and payable from the Revenues (including Sales Tax Revenues) on a basis subordinate to the Senior Lien Debt (including the Series 2025 Bonds) and Subordinate Obligations as provided in the Indenture (the “Junior Obligations”) may be issued or incurred subject to the satisfaction of certain conditions of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS – Obligations of the District Payable from Sales Tax Revenues – Junior Obligations” and APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Indenture – *Junior Obligations*” herein.

The purchase of the Series 2025 Bonds involves risks, certain of which are discussed under “INVESTMENT CONSIDERATIONS” below.

Purpose and Application of Proceeds of the Series 2025 Bonds

The Series 2025 Bonds are being issued to refund and defease all of the outstanding San Mateo County Transit District Limited Tax Bonds, Refunding 2015 Series A (the “2015 Bonds”), which were issued pursuant to an Indenture, dated as of April 1, 2015 (as amended and supplemented, the “2015 Indenture”), between the District and U.S. Bank National Association, as trustee (the “2015 Trustee”), to refund limited tax bonds previously issued by the District, all of which were issued to assist in the financing or refinancing of facilities necessary or convenient for the provision of transit services. Upon issuance of the Series 2025 Bonds, all outstanding 2015 Bonds will be defeased and the 2015 Indenture will be discharged. Proceeds of the Series 2025 Bonds will also be applied to pay the costs of issuance of the Series 2025 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Certain Investment Considerations

No reserve fund will be established with respect to the Series 2025 Bonds.

The Indenture does not provide for acceleration or an increase in the interest rate on the Series 2025 Bonds upon the occurrence of an Event of Default. If an Event of Default should occur, Holders of a majority of aggregate principal amount of Bonds Outstanding shall have the right to direct the Trustee to exercise remedies in accordance with the provisions set forth in the Indenture. See “INVESTMENT CONSIDERATIONS—No Acceleration Provision” and APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Indenture – Events of Default and Remedies.”

References

Brief descriptions of the Series 2025 Bonds, the security and source of payment for the Series 2025 Bonds, the Act, the Ordinance, the District and its financial status, and the pledge of Sales Tax Revenues are presented herein. Such references and descriptions do not purport to be comprehensive or definitive. All references herein to various documents are qualified in their entirety by reference to the forms thereof. Such documents pertaining to the Series 2025 Bonds are available for inspection at the offices of the District.

PLAN OF REFUNDING

Use of Proceeds. The District will use the proceeds of the Series 2025 Bonds, together with certain other available funds, to (a) refund and defease all of the outstanding 2015 Bonds, and (b) pay the costs of issuance of the Series 2025 Bonds.

In connection with the refunding and defeasance of the 2015 Bonds, the District will enter into an Escrow Agreement, dated as of March 1, 2025 (the “Escrow Agreement”), with U.S. Bank Trust Company, National Association, as trustee and escrow agent (the “Escrow Agent”), pursuant to which the Escrow Agent will establish an escrow fund (the “Escrow Fund”) to provide for the payment of the principal of and interest on the 2015 Bonds to their date of redemption or maturity, as applicable. Amounts deposited in each Escrow Fund are expected to be invested in direct obligations of, or obligations which are unconditionally guaranteed by, the United States of America (the “Escrow Securities”), the principal of and interest on which, together with any cash held uninvested in the Escrow Fund, will be sufficient to pay the principal of and interest on the 2015 Bonds secured by such Escrow Fund to the date of their redemption or maturity, as applicable. See “VERIFICATION OF MATHEMATICAL ACCURACY.” Amounts deposited in the Escrow Fund will be pledged to the payment of the 2015 Bonds secured by the Escrow Fund and will not be available for the payment of any bonds other than the 2015 Bonds secured by the Escrow Fund.

2015 Bonds. The following table sets for the 2015 Bonds to be refunded on June 1, 2025 with a portion of the proceeds of the Series 2025 Bonds.

2015 BONDS*

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP Number ¹
2025	\$12,390,000	5.000%	100%	799054GX3
2026	13,010,000	5.000	100	799054GY1
2027	13,660,000	5.000	100	799054GZ8
2028	14,340,000	5.000	100	799054HA2
2029	15,065,000	5.000	100	799054HB0
2030	13,815,000	5.000	100	799054HP9
2030	2,000,000	3.125	100	799054HN4
2031	16,565,000	5.000	100	799054HC8
2032	17,395,000	4.000	100	799054HD6
2033	11,090,000	4.000	100	799054HM6
2033	7,000,000	3.250	100	799054HE4
2034	12,675,000	3.375	100	799054HF1
Total	\$149,005,000			

* Preliminary, subject to change.

¹ CUSIP numbers are provided only for the convenience of the reader. The District does not undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

DESCRIPTION OF THE SERIES 2025 BONDS

General Terms and Provisions

The Series 2025 Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof (each, an “Authorized Denomination”), will be dated their date of delivery, and will bear interest from such date at the rates set forth on the inside cover of this Official Statement, payable on June 1 and December 1 of each year, commencing [December] 1, 2025 (each, an “Interest Payment Date”) until maturity or redemption prior to maturity as described herein. Interest on the Series 2025 Bonds will be calculated on the basis of a 360-day year, comprised of twelve 30-day months.

The Series 2025 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC,” and, together with any successor securities depository, the “Depository”). DTC will act as Depository for the Series 2025 Bonds so purchased. Individual purchases will be made in book-entry form. Purchasers will not receive a bond certificate representing their beneficial ownership interest in Series 2025 Bonds. So long as Cede & Co. is the registered owner of the Series 2025 Bonds, as nominee of DTC, references herein to Bondholders, Holders or Owners of the Series 2025 Bonds shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of Series 2025 Bonds. In this Official Statement, the term “Beneficial Owner of the Series 2025 Bonds” shall mean the person for whom a participant in DTC acquires an interest in Series 2025 Bonds.

So long as Cede & Co. is the registered owner of the Series 2025 Bonds, principal of and interest on the Series 2025 Bonds will be payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to its participants for subsequent disbursement to Beneficial Owners of the Series 2025 Bonds. See Appendix E - “BOOK-ENTRY SYSTEM” herein.

In the event the use of the book-entry system is discontinued, principal of the Series 2025 Bonds will be payable upon surrender thereof at the designated office of the Trustee. All interest payable on the Series 2025 Bonds will be paid by check mailed by first-class mail on each Interest Payment Date to the person in whose name each Series 2025 Bond is registered in the registration books maintained by the Trustee as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding the Interest Payment Date (each, a “Record Date”), provided that registered owners of \$1,000,000 or more in aggregate principal amount of Series 2025 Bonds may

request payment by wire transfer to an account within the United States, such request to be submitted in writing and received by the Trustee on or before the applicable Record Date for such Interest Payment Date, in accordance with the provisions set forth in the Indenture.

No Redemption of the Series 2025 Bonds

The Series 2025 Bonds are not subject to optional or mandatory redemption prior to their stated maturity dates.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the Series 2025 Bonds.

<u>Sources</u>	
Principal Amount	\$
Original Issue Bond Premium	
Other Available Moneys ¹	
Total Sources	\$
<u>Uses</u>	
Deposit to Escrow Fund ²	\$
Costs of Issuance ³	
Total Uses	\$

¹ Includes funds released from the debt service accounts for the 2015 Bonds.

² Moneys in the Escrow Fund will be invested as described under the caption "PLAN OF REFUNDING."

³ Includes Underwriters' discount, legal fees, rating agency fee, municipal advisor fee, printer costs, verification agent fee, and other costs of issuance.

[Remainder of Page Intentionally Left Blank]

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual principal and interest payments with respect to the Series 2025 Bonds.

DEBT SERVICE SCHEDULE

Series 2025 Bonds Debt Service¹

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
Total¹	\$	\$	\$

¹ Totals may not add due to rounding.

Source: [_____]

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS

Pledge of Sales Tax Revenues

The Series 2025 Bonds are limited obligations of the District, payable solely from, and secured by a pledge of: (i) all Revenues; and (ii) all amounts, including proceeds of the Senior Lien Bonds when issued, held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Senior Lien Bond Rebate Fund), any Senior Lien Bonds Project Fund (which shall secure only the Senior Lien Bonds the proceeds of which were deposited therein), any Senior Lien Bonds Costs of Issuance Fund (which shall secure only the Senior Lien Bonds, the proceeds of which were deposited therein), any Senior Lien Reserve Fund (which shall secure only the Senior Lien Debt specifically identified in a Supplemental Indenture or Supplemental Indentures as secured thereby), any Subordinate Obligations Reserve Fund (which shall secure only the Subordinate Obligations specifically identified in a Supplemental Indenture or Supplemental Indentures as secured thereby) and any fund or account established under a Supplemental Indenture that secures only specifically identified Senior Lien Debt, Subordinate Obligations or Junior Obligations (which shall secure only the obligations so identified), and any rebate fund established under a Supplemental Indenture, subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The collateral described above shall constitute a first lien on such collateral with respect to the Senior Lien Debt, including the Series 2025 Bonds. As defined in the Indenture, “Revenues” means all Sales Tax collected by the CDTFA after deducting amounts payable by the District to the CDTFA for costs and expenses for its services in connection with the Sales Tax (such net amounts being the “Sales Tax Revenues”), together with (i) all investment earnings on amounts held by the Trustee in the funds and accounts under the Indenture (other than amounts deposited in the Senior Lien Bond Rebate Fund), and (ii) all Swap Revenues. The pledge of Revenues and all amounts held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Senior Lien Bond Rebate Fund and any other rebate funds established under a Supplemental Indenture) shall be irrevocable until all of the Senior Lien Bonds, all Senior Lien Obligations, all Subordinate Obligations, and all Junior Obligations, and amounts owed in connection therewith are no longer

Outstanding. The District is not currently a party to any Interest Rate Swap Agreements. See “APPENDIX F—DEFINITIONS AND SUMMARY OF THE INDENTURE - Definitions” for, among other things, the definitions of “Interest Rate Swap Agreement,” “Senior Lien Bonds,” “Senior Lien Debt,” “Senior Lien Obligations,” “Subordinate Obligations,” “Junior Obligations,” and “Swap Revenues.”

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM AND SECURED BY A PLEDGE OF THE SALES TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THE DISTRICT TO THE EXTENT OF THE PLEDGE MADE PURSUANT TO THE INDENTURE, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2025 BONDS.

Allocation of Sales Tax Revenues

So long as there are any Senior Lien Bonds or any Senior Lien Obligations, Subordinate Obligations or Junior Obligations Outstanding, the District will, pursuant to the Indenture, assign and cause Sales Tax Revenues to be transmitted by CDTFA directly to the Trustee. The Trustee shall forthwith deposit such Sales Tax Revenues in a trust fund under the Indenture, designated the “Sales Tax Revenue Fund,” when and as received by the Trustee.

Flow of Funds. So long as there are any Senior Lien Bonds or any Senior Lien Obligations, Subordinate Obligations or Junior Obligations Outstanding, in each month on the day following the receipt of the Sales Tax Revenues as provided in the Indenture, the Trustee shall withdraw from the Sales Tax Revenue Fund an amount sufficient, with other funds, if any, provided to the Trustee and previously used in such month to make such deposits, to make deposits in the following respective accounts and funds in the following amounts, in the following order of priority:

(a) to the credit of the Senior Lien Interest Account an amount equal to the Aggregate Accrued Senior Lien Interest for the following calendar month less any Senior Lien Excess Deposit held in the Senior Lien Interest Account plus any Senior Lien Deficiency with respect to the Senior Lien Interest Account plus any amount of interest which has become due and has not been paid and for which there are insufficient funds in the Senior Lien Interest Account or another special account to be used to make such payment;

(b) to the credit of the Senior Lien Principal Account an amount equal to the Aggregate Accrued Senior Lien Principal for the following calendar month less any Senior Lien Excess Deposit held in the Senior Lien Principal Account plus any Accrued Senior Lien Premium for the following calendar month and any Senior Lien Deficiency with respect to the Senior Lien Principal Account plus any amount of principal and premium, if any, which has become due and has not been paid and for which there are insufficient funds in the Senior Lien Principal Account or another special account to be used to make such payment;

(c) to the credit of any Senior Lien Reserve Funds the amounts necessary to increase the amounts on deposit in such funds to the applicable reserve requirements identified in the Supplemental Indentures pursuant to which the Senior Lien Debt secured by such funds was issued or incurred; provided that in the event the Sales Tax Revenues are not sufficient to make all such deposits, they shall be allocated pro rata between the Senior Lien Reserve Funds based on the amounts required to be deposited in such funds;

(d) to the Subordinate Obligations Fund to the credit of accounts to be created within the Subordinate Obligations by the Trustee pursuant to the Indenture for the deposit of funds to pay Subordinate Obligations. The Trustee is hereby instructed to create such accounts and subaccounts within the Subordinate Obligations Fund for each type or Series, if any, of Subordinate Obligation as such obligations arise and to credit such accounts in such amounts and at such times as shall be needed to provide for payment of such Subordinate Obligations under the Supplemental Indenture or Supplemental Indentures relating to such obligations. The credit of Revenues to such accounts shall be made in accordance with the rank of the pledge created by such Subordinate Obligations. Notwithstanding the foregoing, however, if there shall be insufficient Revenues in any Fiscal Year to make all of the foregoing deposits, such Revenues shall be

allocated to the accounts within the Subordinate Obligations Fund on a pro rata basis based on the amounts required to be deposited therein during such Fiscal Year among all such Subordinate Obligations issued or entered into on a parity basis in accordance with the rank of the pledge created by such Subordinate Obligations;

(e) to the credit of any Subordinate Obligations Reserve Funds, the amounts necessary to increase the amounts on deposit in such funds to the applicable reserve requirements identified in the Supplemental Indentures pursuant to which the Subordinate Obligations secured by such funds was issued or incurred; provided that in the event the Sales Tax Revenues are not sufficient to make all such deposits, they shall be allocated pro rata between the Subordinate Obligations Reserve Funds based on the amounts required to be deposited in such funds;

(f) to the Junior Obligations Fund to the credit of accounts to be created within the Junior Obligations Fund by the Trustee pursuant to the Indenture for the deposit of funds to pay Junior Obligations. The Trustee is hereby instructed to create such accounts and subaccounts within the Junior Obligations Fund for each type or Series, if any, of Junior Obligation as such obligations arise and to credit such accounts in such amounts and at such times as shall be needed to provide for payment of such Junior Obligations under the Supplemental Indenture or Supplemental Indentures relating to such obligations. The credit of Revenues to such accounts shall be made in accordance with the rank of the pledge created by such Junior Obligations. Notwithstanding the foregoing, however, if there shall be insufficient Revenues in any Fiscal Year to make all of the foregoing deposits, such Revenues shall be allocated to the accounts within the Junior Obligations Fund on a pro rata basis based on the amounts required to be deposited therein during such Fiscal Year among all such Junior Obligations issued or entered into on a parity basis in accordance with the rank of the pledge created by such Junior Obligations;

(g) to the credit of any Junior Obligations Reserve Funds the amounts necessary to increase the amounts on deposit in such funds to the applicable reserve requirements identified in the Supplemental Indentures pursuant to which the Junior Obligations secured by such funds was issued or incurred; provided that in the event the Sales Tax Revenues are not sufficient to make all such deposits, they shall be allocated pro rata between the Junior Obligations Reserve Funds based on the amounts required to be deposited in such funds.

All remaining Sales Tax Revenues, after making the foregoing allocations, shall be available to the District for all lawful District purposes and the Trustee shall, to the full extent practicable, transfer the remaining Sales Tax Revenues to the District on the same day as the allocation thereof (or, if such day is not a Business Day, no later than the following Business Day). The pledge of Revenues under the Indenture made shall be irrevocable until the Senior Lien Bonds, the Senior Lien Obligations, all Subordinate Obligations and all Junior Obligations are no longer Outstanding. Under the Indenture, once the Trustee has transferred the remaining Sales Tax Revenues to the District, such Sales Tax Revenues shall no longer constitute "Revenues," are released from the lien of the Indenture, and no longer secure the Indenture Obligations (including the Series 2025 Bonds). Accordingly, in making an investment decision, investors in the Series 2025 Bonds should not consider any amounts that have been or may in the future be transferred by the Trustee to the District or provided to the District by other sources.

Additional Bonds and Other Obligations

The District may issue additional Senior Lien Bonds and Senior Lien Obligations on a parity basis with the Senior Lien Bonds, as described below. The District shall not issue any Indebtedness secured by the Sales Tax Revenues that ranks senior to the Senior Lien Debt. The District may incur Subordinate Obligations and Junior Obligations as described below.

Additional Senior Lien Bonds. In addition to the Series 2025 Bonds, the District may by Supplemental Indenture establish one or more Series of Senior Lien Bonds, payable from Revenues and secured by the pledge made under the Indenture equally and ratably with other Senior Lien Bonds and Senior Lien Obligations, and the District may issue, and the Trustee may authenticate and deliver to the purchasers thereof, additional Senior Lien Bonds of any such Series so established, in such principal amount as shall be determined by the District in accordance with the Indenture, and such subsequent issuance of Senior Lien Bonds, upon compliance by the District with the provisions

set forth in the Indenture and any additional requirements set forth in said Supplemental Indenture, including, but not limited to the following:

(a) No Event of Default shall have occurred and then be continuing, as evidenced by the delivery of a Certificate of the District to that effect, which Certificate of the District shall be filed with the Trustee.

(b) The aggregate principal amount of the additional Senior Lien Bonds being issued under the Indenture shall not cause the District to exceed any limitation imposed by the Ordinance or any other law or by any Supplemental Indenture, and the issuance of such additional Series of Senior Lien Bonds and the expected use of proceeds thereof is in compliance with the provisions of the Law and the Ordinance, as evidenced by the delivery of a Certificate of the District to that effect, which Certificate of the District shall be filed with the Trustee.

(c) The District shall file with the Trustee a certificate prepared by or on behalf of the District showing that the amount of Sales Tax Revenues collected during any 12 consecutive calendar months specified by the District within the most recent 18 calendar months immediately preceding the date on which such additional Series of Senior Lien Bonds will become Outstanding shall have been at least equal to 2.0 times Maximum Annual Debt Service on all Senior Lien Debt then Outstanding and the additional Series of Senior Lien Bonds then proposed to be issued, which certificate shall also set forth the computations upon which such certificate is based; provided that if the Ordinance is amended to increase the rate of the Sales Tax under the applicable provisions of law and such increased rate was not in effect during all or any portion of the 12-consecutive-calendar month period, then the District may add to the amount of Sales Tax Revenues for such period an amount equal to the amount of Sales Tax Revenues that would have been generated if the increased rate were in effect for the full period, as calculated by the District using such reasonable assumptions as it determines.

The District expects to issue additional debt payable from Revenues on parity with the Series 2025 Bonds. Currently, the District anticipates the need to issue additional Senior Lien Bonds to finance the acquisition of and improvements to a new headquarters building and additional capital projects from the 4-year constrained Capital Improvement Plan (a “CIP”) (Fiscal Years 2026 – 2029) that will be brought to the District Board of Directors for consideration later in Fiscal Year 2025. The preliminary draft unconstrained 10 year capital program (Fiscal Years 2026 – 2035) includes approximately \$2 billion in capital project needs. The funding plans for the headquarters building and other capital projects have not been formulated and are subject to District Board of Directors’ approval, market conditions and other factors. See “INTRODUCTION—Obligations Secured by Sales Tax Revenues; Future Financing Plans,” “INVESTMENT CONSIDERATIONS—Additional Bonds” and “APPENDIX A—INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT—Strategic Plans, Short Range Transit Plans and Capital Improvement Plans.” See “APPENDIX A—INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT—Strategic Plans, Short Range Transit Plans and Capital Improvement Plans.” The District has several major transit projects under construction and has future plans for additional major capital projects. The District may ultimately issue more Senior Lien Bonds to finance these projects than its current plans presently anticipate, particularly if costs of completing projects are higher than expected or other funding sources are not available as planned. In addition, the District is likely to undertake additional capital projects in the future, and additional Senior Lien Bonds may be issued to finance these projects. The District may issue additional Senior Lien Bonds only if the additional bonds tests described above are satisfied. See “INVESTMENT CONSIDERATIONS—Additional Bonds.”

Refunding Senior Lien Bonds. A Series of Refunding Senior Lien Bonds may be issued by the District without compliance with the provisions described under the heading “*Additional Senior Lien Bonds*” above to refund any Senior Lien Debt provided that the Trustee shall have been provided with a certificate of the District to the effect that Maximum Annual Debt Service on all Senior Lien Debt Outstanding following the issuance of such Refunding Senior Lien Bonds is less than or equal to Maximum Annual Debt Service on all Senior Lien Debt Outstanding prior to the issuance of such Refunding Senior Lien Bonds. Such Refunding Senior Lien Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following:

- (a) Any part or portion of the principal or Redemption Price of the Outstanding Senior Lien Debt to be refunded;
- (b) all expenses incident to the calling, retiring or paying of such Outstanding Senior Lien Debt and the Costs of Issuance of such Refunding Senior Lien Bonds;
- (c) any Swap Termination Payment under any Interest Rate Swap Agreement that was entered into in connection with the Senior Lien Bonds or Senior Lien Obligations to be refunded;
- (d) interest on all Outstanding Senior Lien Debt to be refunded to the date such Senior Lien Debt will be called for redemption or paid at maturity;
- (e) interest on the Refunding Senior Lien Bonds from the date thereof to the date of payment or redemption of the Senior Lien Bonds or Senior Lien Obligations to be refunded; and
- (f) funding a reserve fund for the Refunding Senior Lien Bonds, if applicable.

Senior Lien Obligations. The District may authorize and issue Senior Lien Obligations (which includes all indebtedness, obligations for borrowed money, or any other obligations of the District other than Senior Lien Bonds that has a senior lien on the Revenues), provided that the following conditions to the issuance or incurrence of such Senior Lien Obligations are satisfied:

- (a) such Senior Lien Obligations have been duly and legally authorized by the District for any lawful purpose;
- (b) the Certificates of the District described under clauses (a) (if such Senior Lien Obligations are being issued other than for refunding purposes) and (b) under the heading “Additional Senior Lien Bonds” shall be filed with the Trustee;
- (c) (1) Such Senior Lien Obligations are being issued or incurred for purposes of refunding in compliance with the requirements for the issuance of Refunding Senior Lien Bonds set forth in the Indenture or (2) the District shall have placed on file with the Trustee a certificate of the District, upon which the Trustee may conclusively rely, certifying (on the basis of calculations made no later than the date of sale or incurrence of such Senior Lien Obligations, as applicable) that the requirements set forth in the Indenture relating to the issuance of an additional Series of Senior Lien Bonds have been satisfied with respect to such Senior Lien Obligations, which certificate shall also set forth the computations upon which such certificate is based; and
- (d) As and to the extent applicable, the Trustee shall be designated as paying agent or trustee for such Senior Lien Obligations and the District shall deliver to the Trustee a transcript of the proceedings providing for the issuance of such Senior Lien Obligations (but the Trustee shall not be responsible for the validity or sufficiency of such proceedings or such Senior Lien Obligations).

Other Senior Debt Not Permitted. The District may not issue any Indebtedness secured by the Sales Tax Revenues on a basis senior to the lien on Sales Tax Revenues securing the Senior Lien Bonds and Senior Lien Obligations.

Subordinate Obligations. Under the Indenture, the District may issue Subordinate Obligations which are secured by a lien and charge on the Revenues subordinate to the lien and charge on the Revenues that secures the Senior Lien Debt (including the Series 2025 Bonds), and senior to the lien and charge on Sales Tax Revenues that secures the Junior Subordinate Obligations, and such issuance of Subordinate Obligations shall occur upon compliance by the District with the provisions set forth in the Indenture and any additional requirements set forth in said Supplemental Indenture. See APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Indenture – *Subordinate Obligations*,” “—*Subordinate Obligations and Junior Obligations Events of Default*” and “—*Application of the Revenues and Other Funds After Default*.”

Junior Obligations. Under the Indenture, the District may by Supplemental Indenture entered into pursuant to the Indenture, issue Junior Obligations, subject to the limitations set forth in the Law, the Ordinance, and the Supplemental Indenture establishing such Junior Obligations, which are secured by a junior subordinate lien and charge on Revenues and other amounts and secured by the pledge made under the Indenture or such applicable Supplemental Indenture, and are subordinate to the lien and charge on the Revenues that secure the Senior Lien Debt (including the Series 2025 Bonds) and Subordinate Obligations. The District may issue Junior Obligations without satisfying any financial tests. See APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Indenture – *Junior Obligations*,” “—*Subordinate Obligations and Junior Obligations Events of Default*” and “—*Application of the Revenues and Other Funds After Default*.”

Outstanding Indebtedness Secured by Sales Tax Revenues

Upon the issuance of the Series 2025 Bonds, the Series 2025 Bonds will be the only Senior Lien Bonds Outstanding, and, as of the date of this Official Statement, the District has no Senior Lien Obligations Outstanding.

THE SALES TAX

General Description

The Act, among other things, authorized the District to adopt an ordinance imposing a retail transactions and use tax in the incorporated and unincorporated territory of the County in accordance with the provisions of the Transactions and Use Tax Law (commencing with Section 7251) of the California Revenue and Taxation Code. On November 5, 1974, a majority of the electors voting on such ballot proposition approved Proposition A, which authorized the formation of the District and approved the enactment of the Sales Tax in the County. Pursuant to the provisions of the Ordinance, the Sales Tax was imposed effective July 1, 1982. Prior to the issuance of the first series of bonds under the 1990 Indenture, the District brought a validation action to determine, among other matters, the validity of the Sales Tax and the pledge and use of the Sales Tax to secure bonds issued pursuant to the Act and the Ordinance. On August 18, 1989, the Superior Court of the County of San Mateo entered a default judgment in favor of the District, which judgment is final. The Sales Tax has no expiration date.

The Sales Tax consists of a one-half of one percent (1/2%) sales tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such personal property purchased from any retailer for storage, use or other consumption in the County, subject to certain limited exceptions described below. The Sales Tax is in addition to the sales tax levied statewide by the State and certain other sales taxes imposed in the County. See “THE SALES TAX – Other Sales Tax Imposed in the County.” In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. Generally, the use tax does not apply to cases where the sale of the property is subject to the State Sales Tax (defined below). Accordingly, the application of the use tax generally applies to purchases made outside of the State for use within the State.

The Sales Tax generally is imposed upon the same transactions and items subject to the sales and use tax levied statewide by the State (hereinafter collectively referred to as the “State Sales Tax”), with generally the same exceptions. Many categories of transactions are exempt from the State Sales Tax and the Sales Tax. The most important of these exemptions are: sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity and water when delivered to consumers through mains, lines and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax and from the Sales Tax; however, the “Occasional Sales” exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County which are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt from the State Sales Tax and from the Sales Tax.

Action by the State Legislature or by voter initiative or judicial decisions interpreting State law could change the transactions and items upon which the State Sales Tax and the Sales Tax are imposed. Such changes or amendments

could have either an adverse or beneficial effect on Sales Tax Revenues. The District is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See also “INVESTMENT CONSIDERATIONS - Changes in Taxable Items” and “— Proposition 218 and Proposition 26.”

Collection of the Sales Tax

Collection of the Sales Tax is administered by the CDTFA. State law requires the CDTFA to transmit the Sales Tax to the District periodically as promptly as feasible and at least twice in each calendar quarter, and the CDTFA has contractually agreed to transmit the Sales Tax to the District at least twice in each calendar quarter. After deducting a fee for administering the Sales Tax, which is set by statute and which is subject to increase or decrease by legislative action, the CDTFA will remit the remaining Sales Tax Revenues to the Trustee, which will apply such Sales Tax Revenues to satisfy deposits to the funds and accounts required by the Indenture. After making the required deposits under the Indenture, the Trustee will transfer all remaining Sales Tax Revenues to the District, which may use such Sales Tax Revenues for any lawful purpose of the District. The fee deducted by the CDTFA for the Fiscal Year ended June 30, 2024 was \$_____. The anticipated fee to be deducted by the CDTFA for the Fiscal Year ending June 30, 2025 is \$_____. [UPDATE]

Historical Sales Tax Revenues and Historical Debt Service Coverage

The Sales Tax was approved by a majority of the electors of San Mateo County voting on Proposition A on November 5, 1974. Pursuant to the Ordinance, collections commenced on July 1, 1982. For a discussion of the regional economy of San Mateo County, see APPENDIX D – “ECONOMIC AND DEMOGRAPHIC DATA PERTAINING TO THE COUNTY OF SAN MATEO.”

Historical Sales Tax Revenues. The table set forth below shows Sales Tax Revenues remitted to the District for the ten (10) fiscal years ended June 30, 2015 through June 30, 2024.

Historical Sales Tax Revenues

<u>Fiscal Year Ending June 30</u>	<u>Sales Tax Revenues ⁽¹⁾⁽²⁾</u>	<u>% Change From Prior Fiscal Year</u>
2015	\$80,975,000	
2016	79,705,000	(1.57)%
2017	84,353,000	5.83
2018	87,797,000	4.08
2019	100,729,000	14.73
2020	91,641,000	(9.02)
2021	93,833,000	2.39
2022	112,906,000	20.33
2023	117,920,000	4.44
2024	115,574,000	(1.99)

⁽¹⁾ Net of the State Board of Equalization and CDTFA administrative fee.

⁽²⁾ Sales Tax Revenues have been rounded to the nearest thousand.

Source: San Mateo County Transit District.

Historical Debt Service Coverage. The table set forth below shows Sales Tax Revenues remitted to the District, annual debt service and the historical debt service coverage for the five (5) fiscal years ended June 30, 2020 through June 30, 2024.

Historical Debt Service Coverage

<u>Fiscal Year Ending June 30</u>	<u>Sales Tax Revenues (A) ⁽¹⁾⁽²⁾</u>	<u>Annual Debt Service (B) ⁽³⁾</u>	<u>Historical Debt Service Coverage (A ÷ B)</u>
2020	\$91,641,000	\$19,397,431	4.72x
2021	93,833,000	19,186,781	4.89x
2022	112,906,000	19,192,681	5.88x
2023	117,920,000	19,189,081	6.15x
2024	115,574,000	19,190,031	6.02x

⁽¹⁾ Net of the CDTFA administrative fee.

⁽²⁾ Sales Tax Revenues have been rounded to the nearest thousand.

⁽³⁾ Annual Debt Service consists of debt service on the 2015 Bonds.

Source: San Mateo County Transit District.

The District anticipates that maximum annual debt service coverage after the issuance of the Series 2025 Bonds will be [_____]x based on Fiscal Year 2023-24 Sales Tax Revenues of approximately \$115,574,000.

Other Sales Taxes Imposed in the County

In addition to the Sales Tax and the State Sales Tax, the County imposes three separate one-half of one percent (1/2%) sales taxes (including the District’s Measure W sales tax further described under APPENDIX A — INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT — Other Services and Responsibilities) and a single one-eighth of one percent (1/8%) sales tax which are levied throughout the County, the San Mateo County Transportation Authority (the “SMCTA”) imposes a one-half of one percent (1/2%) sales tax which is levied throughout the County, and the Peninsula Corridor Joint Powers Board (the “JPB”) levies a one eighth of one percent (1/8%) sales tax which is levied throughout the County (and the Counties of San Francisco and Santa Clara). Additionally, cities within the County levy the following sales taxes within their respective cities: (1) the City of Belmont - one-half of one percent (1/2%), (2) the City of Brisbane - one-half of one percent (1/2%), (3) the City of

Burlingame - one-quarter of one percent (1/4%), (4) the City of Daly City - one-half of one percent (1/2%), (5) the City of East Palo Alto - one-half of one percent (1/2%), (6) the City of Pacifica - one-half of one percent (1/2%), (7) the City of Redwood City - one-half of one percent (1/2%), (8) the City of San Bruno - one-half of one percent (1/2%), (9) the City of San Mateo - one-quarter of one percent (1/4%), (10) the City of South San Francisco - one-half of one percent (1/2%). Voters in the cities of Colma and Half Moon Bay have also approved new one-half of one percent (1/2%) sales taxes within their respective cities to be effective on April 1, 2025.

The Series 2025 Bonds are secured by and payable from the Sales Tax Revenues, and are not secured by or payable from any of the other County, SMCTA, JPB or city sales taxes described above.

INVESTMENT CONSIDERATIONS

The following factors, together with all other information provided in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2025 Bonds. The discussion below does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the District, the Sales Tax Revenues, or the Series 2025 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Economic Conditions

The Series 2025 Bonds are secured by a pledge of Sales Tax Revenues, which consist primarily of the Sales Tax less an administrative fee paid to the CDTFA. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally. During the period commencing in 2008 through 2010, the economy of the County experienced significant stress, as evidenced by a number of indicators, including an increased unemployment rate, a decrease in total personal income, a decrease in per capita personal income, a decline in the median price of single-family homes and condominiums, a decrease in building permits and a decrease in Sales Tax Revenues. Sales Tax Revenues have rebounded from the low point in the Fiscal Year ended June 30, 2010. Additionally, the worldwide COVID-19 pandemic that began in March 2020, and the resulting governmentally imposed business shutdowns, negatively affected the collection of Sales Tax Revenues during the last three months of Fiscal Year 2020 (April 2020 through June 2020) and the first nine months of Fiscal Year 2021 (July 2020 through March 2021). However, beginning in April 2021, as COVID-19 vaccines became more widely available and as the COVID-19 restrictions were eased and ultimately terminated, Sales Tax Revenue collections began to recover and since then Sales Tax Revenue collections have remained high. See “THE SALES TAX—Historical Sales Tax Revenues and Historical Debt Service Coverage.” However, a deterioration in economic activity within the County or business restrictions and/or shutdowns in the future could have a material adverse impact upon the level of Sales Tax Revenues generated and therefor upon the ability of the District to pay principal and interest on the Series 2025 Bonds.

For information relating to historical sales tax revenues and economic conditions within the County and the State, see “THE SALES TAX – Historical Sales Tax Revenues and Historical Debt Service Coverage” and APPENDIX D – “ECONOMIC AND DEMOGRAPHIC DATA PERTAINING TO THE COUNTY OF SAN MATEO.”

Global Health Emergencies. A pandemic, epidemic or outbreak of an infectious disease can have significant adverse health and financial impacts on global and local economies. Future pandemics like COVID-19 and other widespread public health emergencies may arise from time-to-time and can impact broader economic conditions in the affected region. Reduced economic activity and its associated impacts, including as a result of the outbreak of infectious disease, such as job losses, income losses, business closures and housing foreclosures or vacancies, and any prolonged recession that may occur, could have a variety of adverse effects on Sales Tax Revenues. The District cannot predict whether another national or localized outbreak of highly contagious or epidemic disease in the future could negatively impact Sales Tax Revenues, reducing amounts available to pay the principal of and interest on the Series 2025 Bonds.

Climate Change and Natural Disasters. A major earthquake, flood, wildfire, climate change or other natural disaster could adversely affect the economy of the County and the amount of Sales Tax Revenues. The County is located in a seismically active region. See “— Climate Change and Sea Level Rise.”

Inflation. Over the last three years, the County, like the rest of the nation, experienced and continues to experience significant increases in costs of food, energy and other products. Ongoing high inflation may affect consumer spending decisions and as a result adversely impact sales transactions in the County and ultimately the amount of Sales Tax Revenues received by the District. The District cannot predict the extent of inflationary pressures on the Sales Tax Revenues or the County's economy more broadly.

See "THE SALES TAX – Historical Sales Tax Revenues and Historical Debt Service Coverage" and APPENDIX D – "ECONOMIC AND DEMOGRAPHIC DATA PERTAINING TO THE COUNTY OF SAN MATEO."

Collection of the Sales Tax

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

Other State Sales Taxes; District Plans; Changes in Taxable Items

In addition to the Sales Tax levied by the District, the State also imposes a 7.25% State-wide retail transactions and use tax. With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the retail transactions and use tax levied State-wide by the State. The State Legislature or the voters within the State through the initiative process could change or limit the transactions and items upon which the State Sales Tax and the Sales Tax are imposed. In the past, the State Legislature and the State electorate have made changes to the transactions and items subject to the State's general sales tax and, therefore, the Sales Tax. In 1991, the California State Legislature enacted legislation which expanded the transactions and items subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment and newspapers and magazines. In 1992, the State electorate approved an initiative which eliminated candy, gum, bottled water and confectionery items as items subject to the State's general sales tax. In each case, the same changes were made to transactions or items subject to the Sales Tax. Any such change or limitation could have an adverse impact on the Sales Tax, and the Sales Tax Revenues, collected. In addition, any future increases in the State Sales Tax or the other retail transactions and use taxes levied and applicable in the County, including pursuant to voter approval, during the term of the Series 2025 Bonds, or an increase in the Sales Tax or of a new retail transactions and use tax, could have an adverse effect on consumer spending decisions and consumption, potentially resulting in a reduction in Sales Tax Revenues. For a further description of the Sales Tax, see "THE SALES TAX." See also APPENDIX D - "ECONOMIC AND DEMOGRAPHIC DATA PERTAINING TO THE COUNTY OF SAN MATEO."

Bankruptcy Considerations

As a municipal entity, the District is authorized to file a petition for relief under Chapter 9 of the United States Bankruptcy Code ("Chapter 9") if it meets certain conditions. Should the District be eligible and authorized to file for bankruptcy relief, there could be adverse effects on the Holders of the Series 2025 Bonds.

If the Sales Tax Revenues constitute "special revenues" under the Bankruptcy Code, then Sales Tax Revenues collected before and after the date of the bankruptcy filing should be subject to the lien of the Indenture. "Special revenues" are defined to include taxes specifically levied to finance one or more projects or systems, and also to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used or intended to be used primarily to provide transportation, utility or other services, as well as other revenues or receipts derived from particular functions of the debtor, but the Bankruptcy Code excludes receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity.

The results of Chapter 9 bankruptcy proceedings are difficult to predict. If a court determined that the Sales Tax was levied to finance the general purposes of the District rather than specific projects, then the Sales Tax Revenues would not be special revenues. No assurance can be given that a court would hold that the Sales Tax Revenues

constitute special revenues or that the Series 2025 Bonds are of a type protected by the “special revenues” provisions of the Bankruptcy Code. If a bankruptcy court were to determine that the Sales Tax Revenues were not “special revenues,” then Sales Tax Revenues collected after the commencement of the bankruptcy case would likely not be subject to the lien of the Indenture. If a bankruptcy court were to so hold, the Holders of the Series 2025 Bonds (including the Series 2025 Bonds) would no longer be entitled to any special priority to the Sales Tax Revenues and could be treated as general unsecured creditors of the District without a lien as to the Sales Tax Revenues. The Holders of the Series 2025 Bonds (including the Series 2025 Bonds) may not be able to assert a claim against any property of the District other than the Sales Tax Revenues, and if the Sales Tax Revenues were no longer subject to the lien of the Indenture, there may be no amounts from which the Holders of the Series 2025 Bonds (including the Series 2025 Bonds) are entitled to be paid.

If the revenues pledged under the Indenture are determined to be “special revenues,” the Bankruptcy Code provides (in order to maintain the revenue-generating capacity of the municipal entity) that a special revenues lien is subject to the necessary operating expenses of the project or system from which the special revenues are derived, which expenses are to be paid before other obligations (including obligations to the Bondholders). This rule applies regardless of the provisions of the transaction documents. The law is not clear, however, (i) as to whether, or to what extent, the Sales Tax Revenues would be considered to be “derived” from a project or system, or (ii) precisely which expenses would constitute necessary operating expenses. To the extent that the Sales Tax Revenues is determined to be derived from a project or system, the District may be able to use Sales Tax Revenues to pay necessary operating expenses, before the remaining Sales Tax Revenues is turned over to the Trustee to pay amounts owed to the Holders of the Series 2025 Bonds.

If the District files for relief under Chapter 9, the parties (including the Trustee and the Holders of the Series 2025 Bonds) may be prohibited from taking any action to collect any amount from the District or to enforce any obligation of the District, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Holders of the Series 2025 Bonds from funds in the Trustee’s possession. In addition, the procedure pursuant to which the Sales Tax Revenues is paid directly to the Trustee by CDTFA may no longer be enforceable, and the District may be able to require that the Sales Tax Revenues be paid directly to it by CDTFA.

If the District has possession of Sales Tax Revenues (whether collected before or after commencement of the bankruptcy case) and if the District does not voluntarily pay such moneys to the Trustee, it is not entirely clear what measures the Trustee or the Holders of the Series 2025 Bonds would have to follow to attempt to obtain possession of such Sales Tax Revenues, how much time it would take for such measures to be completed, or whether such measures would ultimately be successful.

The obligations of the District under the Indenture, including its obligations to pay principal of and interest on the Series 2025 Bonds, are limited obligations and are payable solely from the Sales Tax Revenues and certain other amounts held by the Trustee under the Indenture. Accordingly, if the District filed for relief under Chapter 9, the Holders of the Series 2025 Bonds may not have any recourse to any assets or revenues of the District other than the Sales Tax Revenues and other amounts.

In the event of a District bankruptcy filing, the District may be able to borrow additional money that is secured by a lien on any of its property (including the Sales Tax Revenues), which lien could have priority over the lien of the Indenture, as long as the bankruptcy court determines that the rights of the Holders of the Series 2025 Bonds will be adequately protected. The District may also be able to cause some of the Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, as long as the bankruptcy court determines that the rights of the Trustee and the Holders of the Series 2025 Bonds will be adequately protected.

Through a Chapter 9 proceeding the District may also be able, without the consent and over the objection of the Trustee and the Holders of the Series 2025 Bonds, to alter the priority, principal amount, interest rate, payment terms, collateral, maturity date, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Series 2025 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with the Bankruptcy Code.

In a bankruptcy of the District, the amounts of current and, if any, accrued (unpaid) contributions owed to the California Public Employees' Retirement System ("CalPERS"), the District-administered plans, or to any other pension system (collectively the "Pension Systems"), as well as future material increases in required contributions, could create additional uncertainty as to the District's ability to pay debt service on the Series 2025 Bonds. Given that municipal pension systems in California are usually administered pursuant to State constitutional provisions and, as applicable, other State and/or municipal law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems are instrumentalities of the State and have the right to enforce payment by injunction or other proceedings outside of a District bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of State statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a bankruptcy of the District would rule on these matters. In addition, this area of law is presently very unsettled. This is because, though the issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) have been the subject of litigation in the Chapter 9 cases of several California municipalities, including the cities of Stockton and San Bernardino, the relevant disputes have not been litigated to decision in the federal appellate courts, and thus there are no rulings from which definitive guidance can be taken on pension matters in Chapter 9. See "—Liability for CalPERS Retirement Funding" below.

There may be delays in payments on the Series 2025 Bonds while the court considers any of these issues, and any of these issues could result in delays or reductions in payments on, or other losses with respect to, the Series 2025 Bonds. There may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Series 2025 Bonds, or result in losses to the Holders of the Series 2025 Bonds. Regardless of any specific adverse determinations in a District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Series 2025 Bonds.

Climate Change and Sea Level Rise

From October 2018 through February 2021, the District developed the SamTrans Adaptation and Resilience Plan (the "Plan"). The Plan analyzed the impact of sea level rise and high heat on the District's facilities, assets, and passengers. Pursuant to the Plan, the District identified and evaluated adaptation strategies to (1) increase the resilience of its North Base and South Base Bus Facilities (located at 301 North Access Road, South San Francisco, CA 94080 and 501 Pico Boulevard, San Carlos, CA 94070, respectively), where the District currently houses, maintains, repairs and dispatches buses (collectively, the "Facilities"), to sea level rise ("SLR") and flood inundation, and (2) address the impact of high heat days on the Facilities, District vehicles, and passengers.

The County is vulnerable to SLR and flood inundation due to densely populated, low-elevation areas. The Bay Area is also particularly vulnerable to high heat because it has historically not experienced or prepared for extreme temperatures. Low-income public transit riders, who are a key demographic of the District's ridership, are the most likely to suffer harm from climate impacts such as SLR and high heat.

The SLR vulnerability analysis on which portions of the Plan is based used available data to evaluate four climate change-related hazards: SLR, storm surge, fluvial flooding, and land subsidence. The analysis found that the Facilities are vulnerable to SLR in the 2050 and 2100 timeframes. The Plan demonstrated that regional coordination would be critical to addressing these vulnerabilities as neither of the Facilities can be protected in isolation. A lifecycle benefit-cost analysis indicated that the construction of a levee around the perimeter of the North Base Bus Facility, totaling nineteen feet at the crest, would save the District significant long-term costs. The Plan also identified that addressing flood risk at the South Base Bus Facility necessitates regional coordination as the District neither owns nor has jurisdiction over the infrastructure that will require modification to provide flood protection.

The high heat vulnerability analysis on which portions of the Plan is based used countywide data to evaluate the number of days per year projected to exceed 100°F and included a heat sensitivity index for SamTrans based on select indicators from the California Heat Assessment Tool. This analysis found that while the Facilities and assets do not face significant near-term heat risk, passengers are likely to experience escalating heat impacts as the century progresses. Currently, approximately 67% of the District's passengers have no access to a car. The primary recommendation from the high heat impact analysis is for the District to install shelters or other shade features at bus

stop and station locations that are vulnerable to high heat, and to otherwise improve its bus shelters by adding benches and other amenities that will reduce heat risk to passengers waiting for service.

The District is currently analyzing various options suggested by the Plan and subsequent work to address the impacts of climate change, and, particular, SLR at the Facilities. It is likely that any option the District implements will require the issuance of debt payable at least in part by the Sales Tax Revenues. The District is unable to predict what the ultimate cost of climate change will be on the Facilities or the District, nor can it predict the costs of potentially addressing such impacts.

Climate Change Regulations

The U.S. Environmental Protection Agency (the “EPA”) has taken steps towards the regulation of greenhouse gas (“GHG”) emissions under existing federal law. On December 14, 2009, the EPA made an “endangerment and cause or contribute finding” under the Clean Air Act, codified at 40 C.F.R. 1. In the finding, the EPA determined that the body of scientific evidence supported a finding that six identified GHGs – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride – cause global warming, and that global warming endangers public health and welfare. The EPA also found that GHGs are a pollutant and that GHG emissions from motor vehicles cause or contribute to air pollution. This finding requires that the EPA regulate emissions of certain GHGs from motor vehicles.

Regulation by the EPA can be initiated by private parties or by governmental entities other than the EPA. On July 11, 2008, the EPA issued an Advanced Notice of Proposed Rulemaking (the “ANPR”) relating to GHG emissions and climate change. The final rule, the Mandatory Reporting of Greenhouse Gases Rule (74 FR 56260), requires reporting of GHG data and other relevant information from large stationary sources and electricity and fuel suppliers.

In addition to these regulatory actions, other laws and regulations limiting GHG emissions have been adopted by a number of states, including the State, and have been proposed on the federal level. The State passed Assembly Bill 32, the “California Global Warming Solutions Act of 2006,” which requires the State-wide level of GHGs to be reduced to 1990 levels by 2020. On October 20, 2011, the California Air Resources Board (“CARB”) made the final adjustments to its implementation of Assembly Bill 32: the “California Cap-and-Trade Program” (the “Program”), which was implemented in January 2012. The Program covers regulated entities emitting 25,000 metric tons of carbon dioxide equivalent (MtCO_{2e}) per year or more and entities in certain listed industries, including major industrial sources, electricity generating facilities, and fuel suppliers. Non-covered entities are encouraged to opt-in and voluntarily participate in the Program. It is expected that the Program will result in rising electricity and fuel costs, which may adversely affect the Counties and the local economy.

The District is unable to predict what additional federal or State laws and regulations with respect to GHG emissions or other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the local economy or the amount of Sales Tax Revenues collected by the District. The effects, however, could be material.

Seismic Risks

The District operates in a seismically active region. Active earthquake faults underlie the San Francisco Bay Area, most notably the Hayward Fault and the San Andreas Fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor’s epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the San Francisco Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco. The Loma Prieta earthquake registered 6.9 on the Richter scale of earthquake intensity and caused fires and collapse of and structural damage to buildings, highways and bridges in the San Francisco Bay Area. In 2014, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey, the California Geological Society, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of magnitude 6.7 or larger will occur in the San Francisco Bay Area by the year 2043. A major earthquake could cause significant damage and service disruptions and could adversely affect economic activity in the geographic area served by the District. A decline in economic activity

resulting from earthquakes could have a material adverse impact upon the level of Sales Tax Revenues and therefore upon the ability of the District to pay principal of and interest on the Series 2025 Bonds.

Effect of Growth of Internet Commerce

The increasing use of the Internet to conduct electronic commerce may affect the levels of Sales Tax Revenues. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the retail transactions and use tax imposed by the Sales Tax. Legislation passed as part of the California Budget Act of 2011 imposes a use tax collection responsibility for certain out-of-state, and particularly Internet, retailers that meet certain criteria. The new responsibility took effect in September 2012.

Further, the Supreme Court of the United States (the “Supreme Court”) decided a case on June 21, 2018 (*South Dakota v. Wayfair Inc., et al.*) concerning out-of-jurisdiction collection of sales taxes. The Supreme Court ruled that state and local governments have the authority to require out-of-state vendors with no local physical presence in a state to collect and remit sales taxes to state and local governments. Since April 1, 2019, retailers located outside of California have been required to register with CDTFA, collect the California use tax, and pay the tax to CDTFA based on the amount of their sales into California, even if they do not have a physical presence in the State, with exceptions for retailers with California sales below certain volume and dollar amount thresholds. Effective October 1, 2019, marketplace facilitators (such as Internet shopping websites) are treated as retailers for purposes of determining whether such thresholds are met, and marketplace facilitators are required to collect and remit sales and use tax on the sale of tangible personal property sold through their marketplace for delivery to California customers if they meet certain volume and dollar amount thresholds. The District believes that some Internet transactions currently avoid taxation and in the future may continue to avoid taxation, and this potentially reduces the amount of Sales Tax Revenues.

Proposition 218 and Proposition 26

On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution. Article XIII C requires majority voter approval for the imposition, extension or increase of *general* taxes and two-thirds voter approval for the imposition, extension or increase of *special* taxes by a local government. By definition, “special taxes” include taxes of local or regional special-purpose governmental agencies such as the District. Article XIII C also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized local taxes, even previously voter-approved taxes like the Sales Tax. In the view of the District, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Article XIII C of Proposition 218 would ultimately be determined by the courts. Proposition 26, approved by California voters on November 2, 2010, also amended Article XIII C to define “tax” to include the two-thirds voter approval requirement to local levies, charges or exactions previously considered fees, subject to certain limited exemptions.

Further Initiatives

Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, which may affect the District’s ability to levy and collect the Sales Tax or change the types of transactions or items subject to the Sales Tax.

Additional Bonds

The District anticipates the need to issue additional Senior Lien Bonds. See “INTRODUCTION—Obligations Secured by Sales Tax Revenues; Future Financing Plans,” and “APPENDIX A—INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT—Strategic Plans, Short Range Transit Plans and Capital Improvement Plans.” The District’s preliminary draft unconstrained 10 year capital program (Fiscal Years

2026 – 2035) includes approximately \$2 billion in capital project needs. That capital improvement plan is expected to be considered by the District Board of Directors later in Fiscal Year 2025. Additionally, the District’s 4-year constrained CIP (Fiscal Years 2026 – 2029) includes the plan to finance the costs of acquiring and improving a new headquarters building located at 166 N. Rollins Road, Millbrae, California (purchase price of approximately \$126 million), and additional capital projects which the District anticipates funding in Fiscal Year 2026 and beyond. While the funding plans for such projects have not been finalized and are subject to District Board of Directors’ approval, the District anticipates that additional Senior Lien Bonds will be required to finance a large portion of the costs of such projects. See “APPENDIX A—INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT—Strategic Plans, Short Range Transit Plans and Capital Improvement Plans.” The District has several major transit projects under construction and has future plans for additional major capital projects. The District may ultimately issue more Senior Lien Bonds to finance these projects than its current plans presently anticipate, particularly if costs of completing projects are higher than expected or other funding sources are not available as planned. In addition, the District is likely to undertake additional capital projects in the future, and additional Senior Lien Bonds may be issued to finance these projects. The District may issue additional Senior Lien Bonds only if the additional bonds tests described under “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS—Additional Bonds and Other Obligations—*Additional Senior Lien Bonds*” are satisfied.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2025 Bonds in the event of a default in the payment of principal and interest on the Series 2025 Bonds when due. In the event of a default by the District, each Holder will have the rights to exercise the remedies set forth in the Indenture, subject to the limitations thereon. See APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Indenture - Events of Default and Remedies.” However, the accelerated payment of any Liquidity Facility Bonds or reimbursement obligations relating to Liquidity Facility Bonds pursuant to the term out provisions of any related Liquidity Facility, Credit Enhancement, letter of credit reimbursement agreement or similar agreement between the District and the related Liquidity Provider will not be considered to be an acceleration for purposes of the Indenture and Subordinate Obligations and Junior Obligations may be subject to acceleration as provided in the Supplemental Indenture pursuant to which any future Subordinate Obligations or Junior Obligations may be issued. As of the date of this Official Statement, the District does not have any outstanding Liquidity Facility Bonds or Senior Lien Bonds supported by a Liquidity Facility or Subordinate Obligations or Junior Obligations subject to acceleration. See “APPENDIX F—“DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Indenture - Events of Default and Remedies” and “—*Application of the Revenues and Other Funds After Default*” for a discussion of the rights and remedies available to the Trustee, acting on behalf of the Holders of the Senior Lien Bonds, in the event of a default.

No Reserve Fund for the Series 2025 Bonds

The Series 2025 Bonds will not be secured by a debt service reserve fund.

Loss of Tax Exemption

[As discussed under “TAX MATTERS,” interest on the Series 2025 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2025 Bonds, as a result of acts or omissions of the District subsequent to the issuance of the Series 2025 Bonds. Should interest become includable in federal gross income, the Series 2025 Bonds are not subject to redemption by reason thereof and will remain Outstanding until maturity or earlier redemption.][**UNDER REVIEW**]

Cybersecurity

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other electronic sensitive information, the District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. To mitigate cybersecurity threats, the District has established internal information technology security policies and procedures, which the District reviews annually, to ensure that such policies and procedures reflect the current state

of technology. No assurances can be given that the security and operational control measures of the District will be successful in guarding against any and each cyber threat or breach. The cost of remedying damage or disruption caused by cyber-attacks could be substantial and in excess of any applicable insurance coverage. As of the date of this Official Statement, there have been no significant cyber-attacks on the District's computers and technologies.

Risks Related to Federal Administration and Changes in Law

Federal Transit Administration ("FTA") grants are a significant source of funding for the District. The District may have to potentially delay or cancel projects or use alternate funding sources for projects, possibly including Additional Senior Lien Bonds or other Senior Lien Obligations. Additional Senior Lien Bonds and Senior Lien Obligations may be issued only if the additional bonds tests described under "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS — Additional Bonds and Other Obligations" are satisfied.

The new federal administration has discussed potential changes in many existing federal programs. It is not possible to predict if any changes may occur, what form any changes may ultimately take, or the effects of any such changes on the federal grant programs, including the FTA grants.

The District's collection of Sales Tax Revenues to pay debt service on bonds, including the Series 2025 Bonds, is not affected by the receipt of FTA grants.

RATING

S&P Global Ratings ("S&P") has assigned a rating of "[___]" to the Series 2025 Bonds. Such rating reflects only the views of S&P, and does not constitute a recommendation to buy, sell or hold the Series 2025 Bonds. An explanation of this rating and any outlook associated with this rating should be obtained from S&P.

The District has furnished certain information to S&P relating to the Series 2025 Bonds and the District, including information which is not included herein. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The rating is subject to revision or withdrawal at any time by S&P and there is no assurance that the rating will continue for any period of time or that it will not be lowered, suspended or withdrawn. The District undertakes no responsibility to oppose any such revision, suspension or withdrawal. Any reduction, suspension or withdrawal of the rating, or other actions by S&P relating to its rating, may have an adverse effect on the market price for, or marketability of, the Series 2025 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 Series 2025 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 Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2025 Bonds. Pursuant to the Indenture and the Tax Certificate the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2025 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District 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 District described above, interest on the Series 2025 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. Interest on the Series 2025 Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

State Taxes

Bond Counsel is also of the opinion that interest on the Series 2025 Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Series 2025 Bonds nor as to the taxability of the Series 2025 Bonds or the income therefrom under the laws of any state other than the State.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2025 Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2025 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 Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2025 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount 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 Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2025 Bonds sold at prices in excess of their principal amounts are “Premium Bonds.” An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and 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 Bond based on the purchaser’s yield to maturity (or, in the case of Premium 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 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 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 Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2025 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 Series 2025 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2025 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 Series 2025 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 H. 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 Series 2025 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 Series 2025 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2025 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 Series 2025 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 Series 2025 Bonds may occur. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2025 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2025 Bonds may affect the tax status of interest on the Series 2025 Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2025 Bonds, or the interest thereon, if any action is taken with respect to the Series 2025 Bonds or the proceeds thereof upon the advice or approval of other counsel.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners and Beneficial Owners of the Series 2025 Bonds to provide certain financial information and operating data relating to the District (each an “Annual Report”) by not later than eight (8) months following the end of the District’s fiscal year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2025, and to provide notices of the occurrence of certain enumerated events. Each Annual Report and notices of enumerated events will be filed by U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”) on behalf of the District with the Electronic Municipal Market Access system (“EMMA”) of the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as APPENDIX G - “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made by the District in order to assist the underwriters identified on the cover page of this Official Statement (the “Underwriters”) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The District has been, during the previous five years, and is currently subject to continuing disclosure requirements under a continuing disclosure agreement entered into with respect to the 2015 Bonds (the “2015 CDA”). Under the 2015 CDA, as part of its annual report, the District agreed to provide updated information related to the Sales Tax Revenues for the table entitled “Historical Sales Tax Revenues” as set forth in the Official Statement for the 2015 Bonds (the “2015 Annual Report Requirement”).

Prior to the annual report for Fiscal Year 2019-2020, the District had filed its audited financial statements on EMMA in satisfaction of the 2015 Annual Report Requirement. In 2015, the District’s sales tax revenues solely consisted of revenues generated under Proposition A. In 2018, however, County voters approved the District’s Measure W Sales Tax Ordinance (“Measure W”) (as described further in Appendix A hereto). Measure W became effective in July of 2019 and was reflected in the District’s audited financial statements on a consolidated basis with Proposition A sales tax revenues commencing with the District’s Fiscal Year 2019-20 audited financial statements. Because Proposition A and Measure W sales tax revenues were reflected on a combined basis in the audited financial statements the District filed on EMMA, beginning in Fiscal Year 2019-20 and continuing through Fiscal Year 2023-24, the District’s annual report filings failed to include the Historical Sales Tax Revenues information for Proposition A in accordance with the 2015 Annual Report Requirement. The District has filed a corrective filing on EMMA, and, going forward, the District will ensure that future annual filings will provide required Proposition A sales tax revenue information, including Annual Reports filed in relation to the Series 2025 Bonds. Currently, the District expects to

reflect Proposition A and Measure W sales tax revenues separately in its audited financial statements, in which case it would be able to satisfy its continuing disclosure obligations, including the Annual Report obligations in relation to the Series 2025 Bonds upon their issuance, through filing its audited financial statements on EMMA.

In addition, the District failed to timely file a notice of an upgrade by Fitch Ratings (“Fitch”) of the District’s ratings to “AA+” on September 25, 2024. The District has made a corrective filing with respect to the upgraded Fitch rating.

While the District has established and maintained written policies and procedures with respect to its compliance with the 2015 CDA, the District expects to conduct formal disclosure training with outside counsel to ensure compliance with its current and future continuing disclosure agreements, including both its undertakings to provide certain annual financial information and its undertakings to provide event notices regarding rating agency actions on EMMA. Except as described above, the District has complied with its continuing disclosure requirements under its 2015 CDA during the previous five years.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending, or to the best knowledge of the District, threatened, against the District concerning the validity of the Series 2025 Bonds. No litigation is pending, or to the best knowledge of the District, threatened against the District questioning the existence of the District or contesting the District’s ability to impose and collect the Sales Tax.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal years ended June 30, 2024 and 2023 (the “Fiscal Year 2024 Financial Statements”), included as Appendix B to this Official Statement, have been audited by Eide Bailly LLP, independent auditors, as stated in their report herein. See APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE SAN MATEO COUNTY TRANSIT DISTRICT FOR FISCAL YEARS ENDED JUNE 30, 2024 AND 2023.” Eide Bailly LLP was not requested to consent to the inclusion of their report in Appendix B, nor has Eide Bailly LLP undertaken to update their report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Eide Bailly LLP with respect to any event subsequent to the date of their report.

VERIFICATION OF MATHEMATICAL ACCURACY

The arithmetical accuracy of certain computations included in the schedules provided on behalf of the District relating to: (a) the adequacy of forecasted receipts of principal and interest on the Escrow Securities and cash held in the Escrow Fund to pay, when due, the scheduled payments of principal and interest with respect to the 2015 Bonds on and prior to their redemption date or maturity dates, as applicable; and (b) the yields on the Escrow Securities and the Series 2025 Bonds will be examined by Samuel Klein and Company, Certified Public Accountants (the “Verification Agent”). Such examination will be based solely upon the assumptions and the information supplied to the Verification Agent on behalf of the District. The Verification Agent will restrict its procedures to examining the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information upon which the computations are based, and accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome. The Verification Agent will have no obligation to update its examination because of events occurring, or data or information coming to its attention, subsequent to the date of issuance of the Series 2025 Bonds.

MUNICIPAL ADVISOR

The District has retained Ross Financial, San Francisco, California, to serve as municipal advisor (the “Municipal Advisor”) with respect to the issuance of the Series 2025 Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Compensation of the Municipal Advisor is contingent upon the issuance of the Series 2025 Bonds.

LEGAL MATTERS

The validity of the Series 2025 Bonds and certain other legal matters are subject to the approving opinion of Nixon Peabody LLP, Bond Counsel to the District. A complete copy of the proposed form of the opinion to be delivered by Bond Counsel is attached hereto as Appendix H. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Approval of certain other legal matters will be passed upon for the District by its general counsel, Hanson Bridget LLP and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP.

UNDERWRITING

The Series 2025 Bonds are being purchased by the Underwriters pursuant to a bond purchase agreement, to be dated the date of sale of the Series 2025 Bonds (the “Bond Purchase Agreement”), to be entered into by the Underwriters with the District. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2025 Bonds if any are purchased at a purchase price of \$_____ (representing the principal amount of the Series 2025 Bonds, plus a [net original issue premium/discount] of \$_____ and less an underwriters’ discount of \$_____). The obligation of the Underwriters to purchase the Series 2025 Bonds is subject to the terms and conditions set forth in the Bond Purchase Agreement.

BofA Securities, Inc., an underwriter of the Series 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

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

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group, one of the Underwriters of the Series 2025 Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2025 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

OTHER MATTERS

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers, Holders or Beneficial Owners of any of the Series 2025 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and

neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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

SAN MATEO COUNTY TRANSIT DISTRICT

By: _____
Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION REGARDING THE SAN MATEO COUNTY TRANSIT DISTRICT

General Description

The San Mateo County Transit District (the “District”) is a public transit district formed pursuant to the provisions of the California Public Utilities Code and approved by the voters of the County of San Mateo (“San Mateo County”) in the general election held on November 5, 1974. The District began operations in 1976 as a fixed-route bus service and has grown into a multimodal system of coordinated transit services, including bus, paratransit, shuttles and rail, each playing an integral role in meeting the transportation needs of San Mateo County. The District provides bus transit services throughout San Mateo County, north into downtown San Francisco, and south to Palo Alto in Santa Clara County, a 446-square mile service area. The District also provides paratransit services and funds shuttles, connecting rapid transit and commuter rail stations to employment centers. In addition, the transit system operated by the District works cohesively with other transportation services in the San Francisco Bay Area. A map showing the District’s transit system is set forth in the front portion of the Official Statement to which this Appendix A is attached.

All capitalized terms used and not otherwise defined in this Appendix A have the meanings assigned to such terms in the front portion of the Official Statement to which this Appendix A is attached or, if not defined therein, have the meanings assigned to such terms in APPENDIX F - “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Certain information concerning the District’s transit system for Fiscal Year 2024 is set forth below.

Bus Service

Average Weekday Ridership	31,781
Annual Ridership ⁽¹⁾	10,012,000
Number of Fixed-Route Vehicles	312
Number of Fixed-Route Bus Routes	74
Number of Fixed-Route Bus Stops	1,809
Number of On-Demand Vehicles	7

⁽¹⁾ Rounded to the nearest thousand.

Source: San Mateo County Transit District.

Paratransit Service

Average Weekday Ridership	731
Annual Ridership ⁽¹⁾	228,000
Number of Vehicles ⁽²⁾	65

⁽¹⁾ Rounded to the nearest thousand.

⁽²⁾ Taxis used to supplement service.

Source: San Mateo County Transit District.

In addition to the services described above, the District administers various transportation-related activities on behalf of other separate and independent legal entities, including the Peninsula Corridor Joint Powers Board, which provides the commuter rail service, known as Caltrain (“Caltrain”), the San Mateo County Transportation Authority (“SMCTA”), which was created to administer an additional one-half cent sales tax dedicated to transportation improvements, as authorized by the voters of San Mateo County in 1988 and extended in 2004 to December 31, 2033, and the San Mateo County Express Lanes Joint Powers Authority (“SMCELJPA”), which manages the express lanes on Highway 101 in the County. In addition, the District provides certain financial support for Caltrain. See “—Other Services and Responsibilities” and “—Management’s Discussion of Financial Results” herein.

Governance and Administration

The District is governed by the District Board of Directors, which consists of nine members, appointed as follows:

- (1) Two members of the Board of Supervisors of San Mateo County (the “San Mateo County Board of Supervisors”), appointed by the San Mateo County Board of Supervisors;
- (2) One transit expert appointed by the San Mateo County Board of Supervisors;
- (3) Three members of city councils from cities in San Mateo County, appointed by the Cities Selection Committee, created pursuant to Section 50270 of the California Government Code, one appointee to be from the northern portion of San Mateo County, one appointee to be from the central portion of San Mateo County and one appointee to be from the southern portion of San Mateo County; and
- (4) Three public members, appointed by the six members of the District Board of Directors selected as described in (1), (2) and (3) above, one appointee to be a resident of the coastal zone (the “Coastal Zone”) as defined in Section 27100 of the California Public Resources Code.

The current District Board of Directors are:

Jeff Gee (Chair), Southern Judicial Cities, was appointed by the Cities Selection Committee to serve on the District Board between 2011 and 2018, and again in December 2020. Director Gee was elected to the City Council of Redwood City in 2009 and stepped down in 2018. He was elected again in 2020. Director Gee is a licensed architect and Division Manager/General Manager and Vice President, Swinerton Management & Consulting, San Francisco. Director Gee also serves as a member of the Peninsula Corridor Joint Powers Board and Transbay Joint Powers Board. His current term on the District Board of Directors expires December 31, 2028.

Marie Chuang (Vice Chair), Central Judicial Cities, was appointed by the Cities Selection Committee in December 2022. Director Chuang was elected to the City Council of Hillsborough in November 2015, where she also serves as Police Commissioner. Director Chuang is a founding member of the Board of Directors of Leadership Council San Mateo County. Her current term on the District Board of Directors expires December 31, 2026.

David J. Canepa, Board of Supervisors, was appointed by the San Mateo County Board of Supervisors in December 2022. Director Canepa was elected to the Board of Supervisors in November 2016, representing District 5, serves as President of the Board of Supervisors, and was unanimously appointed by his fellow supervisors to the Metropolitan Transportation Commission in January 2021. Director Canepa is a fourth-generation San Mateo County resident and a former mayor of Daly City. His current term on the District Board of Directors expires December 31, 2026.

Brooks Esser, Public Member, was initially appointed by the SamTrans Board of Directors in October 2023. Director Esser has served on the North Fair Oaks Community Council since August 2020, with three terms as Chair. He also serves as Treasurer of the Holbrook Palmer Park Foundation in Atherton. Director Esser lives in North Fair Oaks. His current term on the District Board of Directors expires December 31, 2028.

Marina Fraser, Public Member - Coastside, was initially appointed by the District Board of Directors in February 2019. Director Fraser previously served on the Half Moon Bay City Council for 13 years with three terms as Mayor. She has been a member of numerous boards and commissions, including Peninsula Clean Energy and Commute.org and currently serves on the City/County Association of Government’s Bicycle and Pedestrian Advisory Committee. Director Fraser is a long-time Coastside resident and lives in Half Moon Bay. Her current term on the District Board of Directors expires December 31, 2026.

Rico E. Medina, Northern Judicial Cities, was appointed by the Cities Selection Committee in December 2020. Director Medina was first elected to the City Council of San Bruno in November 2004. He currently serves as directly-elected Mayor. Director Medina also serves as a member of the San Mateo County Transportation Authority and the Peninsula Corridor Joint Powers Board. His current term on the District Board of Directors expires December 31, 2026.

Jackie Speier, Board of Supervisors, [BIO TO COME]

Josh Powell, Public Member, was initially appointed by the District Board of Directors in January 2017. Director Powell is a software engineering leader at Roblox and is the author of the programming book *Single Page Web Applications: JavaScript End-to-End*. He is a resident of Belmont. His current term on the District Board of Directors expires December 31, 2028.

Peter Ratto, Transportation Expert, was initially appointed by the San Mateo County Board of Supervisors in February 2015. Mr. Ratto holds a Bachelor of Arts degree in Transportation Management from San Francisco State University and has over 40 years of experience in the waste management and recycling industry. He also is a member of the City/County Association of Governments' Congestion Management and Environmental Quality committee. A life-long user of public transit, Director Ratto grew up in Daly City and currently resides in San Mateo. His current term on the District Board of Directors expires December 31, 2026.

A Citizens Advisory Committee, comprised of fifteen members, and a countywide Paratransit Advisory Council (formerly the Paratransit Coordinating Council) representing County paratransit providers, paratransit users, persons with disabilities and seniors, provide input to the District Board of Directors.

Principal administrative employees of the District include the following:

April Chan, General Manager/CEO, became the General Manager/CEO effective November 1, 2022. She also serves as Executive Director of the San Mateo County Transportation Authority. She is also responsible for services provided by the District to both the Peninsula Corridor Joint Powers Board, which owns and operates the Caltrain commuter railroad, and the San Mateo County Express Lanes Joint Powers Authority. April Chan has been an employee of the District since April 2000 in positions of increasing responsibility, rising through the ranks from Senior Planner, Capital Programming and Grants to Chief Officer, Planning, Grants and Transportation Authority and Acting Deputy General Manager.

Kate Jordan Steiner, District CFO, Finance and Administration, joined the District as Chief Financial Officer in April 2023. She also serves as CFO of the Peninsula Corridor Joint Powers Board, the San Mateo County Transportation Authority, and the San Mateo County Express Lanes Joint Powers Authority. From November 2019 to April 2023, Ms. Jordan Steiner served as CFO-Student Affairs for the University of California-Berkeley. Prior to that she served Bay Area Rapid Transit ("BART") as a budget director and manager of budgets from December 2012 to October 2019 and prior to that, she served the City/County of San Francisco as a senior analyst.

Julijana Taskovic, Treasury Director, joined the District in January 2025. Prior to joining the District, Ms. Taskovic worked in both public and private sectors. She was responsible for Align Technology [Invisalign] Global Treasury Operations for approximately three years, and prior to that Ms. Taskovic was a treasury consultant overseeing Alphabet North American treasury, investments and cash flow. Ms. Taskovic also worked for the Ontario Financing Authority for ten years, overseeing shared services banking and treasury for a few dozen state departments.

District Transit Services

Reimagine SamTrans (2022 Systemwide Comprehensive Operational Analysis). In 2019, SamTrans launched a Comprehensive Operational Analysis (the "COA") project that evaluated and redesigned the entire SamTrans bus system through comprehensive planning and public outreach efforts. The COA, branded *Reimagine SamTrans*, evaluated every element of the SamTrans system to identify improvements to local and regional travel connections, route design, frequency, operational improvements, and more.

After over two years of technical analysis, community engagement, and planning work, a package of changes to the SamTrans system was approved in March 2022 that set an aspirational vision for how SamTrans can grow, respond, and position itself to advance the project's four guiding principles focused on customers, effectiveness, equity, and workforce. In parallel, an updated SamTrans Service Policy Framework was adopted in March 2022 to guide future service planning and evaluate service delivery in alignment with the *Reimagine SamTrans* vision.

The new network approved in *Reimagine SamTrans* was fully implemented in four phases between August 2022 and August 2024. The changes prioritized improvements based on the SamTrans rider experience and focused on providing service that is fast, frequent, and reliable where people want to go with improved transit opportunities in SamTrans Equity Priority Areas (communities in San Mateo County with the most significant transportation and access disparities).

Bus Service.

Fixed-Route Bus Service. The current SamTrans fixed-route bus system consists of 74 fixed routes and two on-demand service areas connecting communities to jobs, schools, healthcare, and other opportunities and essential services, including:

- 4 Frequent Routes run at 15-minute intervals daily to serve high population or employment density areas.
- 9 Local Routes connect neighborhoods, downtowns, and major destinations.
- 9 Community Routes serve less-densely-populated areas to provide a lifeline to the greater transit network and the community.
- 5 Express/Limited-stop Routes provide express service between major commute destinations over long distances. Four of these routes run on weekdays only.
- 3 Owl Routes provide service overnight, after regular service has ended, when demand is lowest.
- 43 School-Oriented Routes address community mobility needs and are scheduled to align with school schedules and school bell times.
- Special Route. Route 138 provides a connection between Daly City and an emergency housing facility in South San Francisco during the facility's check-in and check-out hours.

While SamTrans routes primarily run in San Mateo County, some routes connect to major destinations such as the Palo Alto Transit Center and Stanford University in Santa Clara County, and Salesforce Transit Center, Stonestown Shopping Center, and San Francisco State University in San Francisco. These routes allow passengers to make direct connections with services provided by Santa Clara Valley Transportation Authority ("VTA"), San Francisco Municipal Transportation Agency ("SFMTA"), Alameda-Contra Costa Transit District ("AC Transit"), Western Contra Costa Transit Authority ("WestCAT"), Golden Gate Transit, Capitol Corridor, and Greyhound.

In addition to fixed-route bus service, SamTrans also provides on-demand, curb-to-curb microtransit service called Ride Plus. This service launched in June 2023 to supplement and fill service gaps that fixed-route service could not do effectively. Ride Plus service zones are in Half Moon Bay and El Granada, and in East Palo Alto and the Belle Haven neighborhood of Menlo Park.

Current fares for SamTrans bus service are set forth below.

	FARES			
	Cash or Mobile	Clipper	Day Pass (Cash or Mobile)	Monthly Pass (Clipper)
Adult (Age 19 through 64)	\$2.25	\$2.05	\$4.50	\$65.60
Youth⁽¹⁾ (Age 18 & younger)	\$1.10	\$1.00	\$2.00	\$27.00
Eligible Discount⁽²⁾ (Senior/Disabled/ Medicare cardholder)	\$1.10	\$1.00	\$2.00	\$27.00

⁽¹⁾ A child (age 4 and younger) rides free with each Adult, or Eligible Discount fare-paying passenger. Additional children pay the Youth fare.

⁽²⁾ Seniors (65 years or older) and passengers with disabilities, who present a Regional Transit Connection Discount Card or a current Disabled Placard Identification card issued by the Department of Motor Vehicles or a valid transit discount card issued by another California transit agency which is equivalent to the RTCDC, or those who are Medicare cardholders may ride for a discounted fare.

Source: San Mateo County Transit District.

Paratransit. The District provides two demand-responsive paratransit services for people with disabilities. Each complies with Americans with Disability Act (“ADA”) requirements. Redi-Wheels operates on the bayside of San Mateo County, while RediCoast serves the Coastside of San Mateo County. Redi-Wheels and RediCoast exceed the requirements to operate during the same hours and serve the same areas as District fixed-route bus service for their respective locations. RediCoast uses small buses, and Redi-Wheels uses small buses, mini-vans, sedans, and taxis to transport customers. In order to use either of these paratransit services, customers must be certified by the District as eligible for ADA paratransit. Eligible customers are issued a registration card and may call to make a trip reservation between 8:30 a.m. and 5:00 p.m. daily. Reservations generally may be made from one to seven days in advance, though the District also offers Redi-Wheels same-day paratransit service on a space-available basis. The regular fare for ADA paratransit service is \$4.25 each way. Low-income customers may apply to the District’s fare assistance program to pay the fare assistance fare of \$1.75 each way.

Same-day paratransit fares are \$10 for customers who pay the standard fare and \$8 for customers in the fare assistance program.

In addition, the District provides demand-responsive non-ADA paratransit service for the general public living on the Coastside of San Mateo County. Advanced reservations are required and service area restrictions, as published by the District, apply. Fares for demand-responsive non-ADA paratransit service are the same as fares for ADA paratransit service.

Commuter Shuttles. The District, in financial partnership with cities, local Transportation Management Agencies and employer partners provide thirty peak-hour free shuttles linking major rail and ferry transit hubs to employment centers in addition to community operations in San Mateo County. The District manages the vendor and the operating contract. The shuttles are administered by the route sponsors who administer the schedule and customer service elements. These shuttles typically pick up commuters at transit stations in the morning and drop off commuters at or in the vicinity of their employer. The trip is reversed in the evening. Shuttles meet many peak-hour trains and operate during weekdays only. There are also a few community shuttles improving mobility within city boundaries including on-demand services operating limited hours on the weekends. No fare is charged for any of these shuttles. As indicated above, these services are subsidized by the employers and other agencies. The District neither sponsors nor provides a subsidy for shuttle services at this time.

Other Services and Responsibilities

Peninsula Corridor Joint Powers Board. The District is a member in the Peninsula Corridor Joint Powers Board (the “JPB”) along with the VTA and the City and County of San Francisco (“CCSF”). The JPB is governed by

a separate board comprised of nine members – three appointed by each member agency. On October 31, 2008, all three of the JPB member agencies together with the Metropolitan Transportation Commission (the “MTC”) signed a restated “Real Property Ownership Agreement” (the “RPOA”) to fully resolve all then-outstanding financial issues related to the acquisition of the Caltrain right of way, the local share of which was funded initially by the District. Both the CCSF and VTA agreed to reimburse the District using gasoline “spillover” funds. The population based “spillover” funds were to be paid directly to the District from the MTC, and revenue based “spillover” funds were to be paid to the District from the SFMTA and VTA.

In consideration for the District’s reduction in the interest rate applied to the District’s advance of funds to purchase the right-of-way, the October 31, 2008 RPOA provided that the District would be designated as the Managing Agency of the JPB and would serve in that capacity “unless and until it no longer chooses to do so.” As of June 30, 2024, the District has received full reimbursement for a total of \$53.3 million from “spillover” and Federal Transportation Improvement Program funds as well as local VTA and SFMTA funds.

In August 2022, the District, JPB, CCSF, and VTA entered a binding MOU designed to balance the competing concerns relating to governance and reimbursement for the District’s advance of funds required for purchase of the right-of-way. To account for the delay in payment of the amount owed under the 2008 Agreement and in exchange for the District’s agreement to assign certain rights as Managing Agency to JPB, the CCSF and VTA agreed to pay \$15.2 million to the District. The MOU provides that, upon repayment, the District is required to reconvey its tenancy in common interest in the Right of Way to the JPB. The repayment was completed in FY24, and the District is in the process of reconveying related property interests to the JPB.

Separate from cost reimbursement related to the purchase of the Caltrain right-of-way, the District also receives payment for service it provides to the JPB as the Managing Agency. The District had total receivables from the JPB of \$5,816,000 at June 30, 2024, up from \$5,596,000 at June 30, 2023, for advances of staff support and operating costs. Complete financial statements for the JPB can be obtained from the Peninsula Corridor Joint Powers Board at 1250 San Carlos Ave., San Carlos, California 94070. See also Note 8 to the audited financial statements of the District attached as Appendix B to this Official Statement and “Management’s Discussion of Financial Results” herein.

On November 3, 2020, more than two-thirds of the voters in the County, Santa Clara County and CCSF approved Measure RR. Measure RR imposes a retail transactions and use tax of one eighth of one percent (1/8%) for a period of 30 years beginning July 1, 2021 on the gross receipts from the sale of all tangible personal property put into use in the incorporated and unincorporated territory of the County, Santa Clara County and CCSF and a use tax at the same rate on the storage, use, or other consumption in the County, Santa Clara County and CCSF of such property purchased from any retailer for storage, use or other consumption in the counties, subject to certain exceptions. Revenues from the Measure RR sales tax may be used by the JPB or a successor agency to finance the operation and capital purposes of Caltrain.

San Mateo County Transportation Authority. The SMCTA was formed in June 1988 as a result of the approval of Measure A (half-cent county sales tax and Transportation Expenditure Plan) by the voters of San Mateo County pursuant to the Bay Area County Traffic and Transportation Funding Act. The SMCTA was to be responsible for the administration of funds to be used for transportation projects collected over a period of 20 years by the half-cent county sales tax. The SMCTA designated the District as the entity responsible for overall management of the SMCTA. In November 2004, the voters reauthorized the sales tax to be collected for an additional 25 years (through 2033) and administered by the SMCTA in accordance with a new publicly-developed expenditure plan.

Without further voter approval, the SMCTA is expected to exist for so long as it continues to administer and/or implement programs/projects funded by Measure A. See also Note 6 to the audited financial statements of the District attached as Appendix B to this Official Statement and “—Management’s Discussion of Financial Results” and “—Capital Funding Strategy” herein.

In addition, in 2018, County voters approved the District’s Measure W Sales Tax Ordinance (“Measure W”) by a 66.9% margin, which provides the County with additional resources to improve transit and relieve traffic congestion raised from a half cent sales tax. Measure W went into effect in July of 2019 and authorizes the District to transfer one half of the revenues from that half cent sales tax to the SMCTA for administration. Accordingly, the

SMCTA now administers the Measure W Congestion Relief Program elements related to highways, roadways, bicycle/pedestrian projects, and regional transportation connections.

The Series 2025 Bonds are secured by and payable from the Sales Tax Revenues, and are not secured by or payable from the SMCTA Measure A sales tax, Measure W sales tax or any other revenues of SMCTA or the District. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS” in the front part of this Official Statement for a discussion of obligations secured by the Sales Tax Revenues.

Employees, Personnel Costs and Labor Relations

The District is organized into eight divisions. For the Fiscal Year ended June 30, 2024, the District had 746.49 full-time equivalent employees, of which 4.95 were assigned to the Executive Division; 28.90 were assigned to the Communications division; 60.73 were assigned to the Finance Division; 42.0 were assigned to the Innovation and Technology Division; 32.88 were assigned to the People and Culture Division; 6.75 were assigned to the Safety and Security Division; 550.05 were assigned to the Bus Operations Division; 20.09 were assigned to the Planning Division, and 0.14 were assigned to Caltrain rail functions. Based on current practice, personnel costs, including wages and benefits, are allocated among the District and the other three business units which the District manages or co-manages, the JPB, SMCTA, and SMCELJPA. See “—General Description” and “—Other Services and Responsibilities” herein. Approximately 16% of personnel costs, including wages and benefits, are allocated to the JPB. Approximately 2% of personnel costs, including wages and benefits, are allocated to the SMCTA Less than 1% of personnel costs, including wages and benefits, are allocated to the SMCELJPA. Allocation of costs is based upon a formula which takes into account salaries and full-time equivalents. See “—Employee Retirement Benefits” herein.

The District has two bargaining units with the Amalgamated Transit Union (the “ATU”). One bargaining unit consists of approximately 454 bus operators and maintenance employees and the other bargaining unit consists of 15 customer service representatives. The current contract with each of the ATU bargaining units commenced on November 20, 2024 and is scheduled to expire on June 30, 2028.

The District also has five bargaining units represented by the International Brotherhood of the Teamsters (the “Teamsters”). One bargaining unit consists of 27 bus transportation supervisors, dispatchers, and radio controllers (the “Bus Transportation Supervisory Unit”), the second bargaining unit consists of 10 transit instructors (the “Transit Instructors Unit”), the third bargaining unit consists of 3 bus contracts inspectors (the “Bus Contracts Inspectors Unit”), the fourth bargaining unit consists of 12 maintenance supervisors, maintenance instructors, and Utility Maintenance Supervisors (the “Utility and Maintenance Supervisory and Maintenance Instructors Unit”), and the fifth bargaining unit consists of 6 Facilities Technicians (the “Facilities Maintenance Technician Unit”). The current contract with each of the Teamsters’ bargaining units commenced on October 1, 2024 and are scheduled to expire on September 30, 2027.

California Public Employees’ Pension Reform Act of 2013

In 2012, the California State Legislature adopted and the Governor signed into law the Public Employees’ Pension Reform Act of 2013, California Government Code Section 7522, et seq. (“PEPRA”), which limited pension benefits and increased the retirement age for public employees, required public employees hired after December 31, 2012 to pay for half of their pension costs, and revised certain other pension practices. Following enactment of PEPRA, several unions representing public transit employees in the State asserted to the U.S. Department of Labor (“DOL”) that PEPRA was inconsistent with employees’ collective bargaining rights that are protected under Section 13(c) of the Urban Mass Transportation Act of 1964. Under Section 13(c), DOL must certify that a public transit agency’s employees’ bargained-for rights are preserved and their collective bargaining rights continue before Federal Transportation Administration (“FTA”) funds are granted to the agency.

In 2013, DOL refused to certify FTA grants to California transit agencies based on objections regarding PEPRA and Section 13(c) filed by the Amalgamated Transit Union (“ATU”), a union representing transit agency employees. In response, the State filed a lawsuit in federal court on behalf of two affected transit agencies, and successfully challenged DOL’s decision. In a ruling issued on December 30, 2014, the United States District Court for the Eastern District of California (“District Court”) remanded the matter to DOL for reconsideration.

The State previously enacted a temporary suspension of PEPRAs application to transit agency employees until the earlier of (a) a ruling by a federal district court that DOL erred in refusing to certify FTA grants on the basis of PEPRAs, or (b) January 1, 2015, later amended to January 1, 2016. Many transit agencies, as well as the States pension system, which covers employees of certain transit agencies, took the position that the temporary suspension was lifted and PEPRAs became effective for transit agencies on December 30, 2014, i.e., the date of the District Courts ruling in favor of the State and two transit agencies named in the lawsuit.

In 2015, DOL again refused to certify the FTA grants at issue. Again, the State filed suit in federal court. On January 8, 2016, the District Court vacated DOLs decision on remand, and on January 24, 2018, ruled in favor of the State and enjoined DOL from relying on PEPRAs to deny FTA grants to the two transit agencies involved in the lawsuit. However, the District Court denied the States request to enjoin DOL from using PEPRAs to refuse to certify grants to any other California transit agency.

In 2018 and 2019, the ATU, on behalf of California transit agency employees, objected to the proposed certification of several FTA grants on the basis that PEPRAs violates Section 13(c). DOL then reexamined its earlier determinations denying certification of FTA grants to California transit agencies on the basis of PEPRAs. In a letter to the ATU, dated June 14, 2019, DOL concluded that PEPRAs does not present a bar to certification under Section 13(c).

On August 22, 2019, the ATU filed a lawsuit against DOL contending that the issuance of grant certifications to California transit agencies over the unions objections was contrary to law and in excess of DOLs authority, on the basis that PEPRAs diminishes the collective bargaining rights of California transit employees. The State intervened and the District Court granted a stay requested by DOL so that its leadership under the incoming Biden administration would have time to become familiar with the issues and decide whether to reconsider DOLs latest position regarding PEPRAs and Section 13(c).

On October 28, 2021, DOL issued a letter to the FTA, in which DOL declared that it had reconsidered its June 14, 2019 determination to certify grants to California transit agencies and that, going forward, DOL would not certify FTA grants to California transit agencies based on its newly-revised position that PEPRAs prevents a continuation of collective bargaining rights as required by Section 13(c). In response to DOLs letter, the State filed a cross-claim in the pending lawsuit. The District Court issued an order staying DOLs October 28, 2021 determination while the case proceeded.

On December 28, 2022, the District Court found in favor of the State and ruled that DOLs determination to refuse certification of FTA grants for California transit agencies on the basis of PEPRAs was arbitrary and capricious. On February 21, 2023, the District Court issued a permanent injunction barring DOL from refusing to certify FTA grants on the basis of PEPRAs. Both DOL and ATU appealed to the United States Court of Appeals for the Ninth Circuit (Court of Appeals).

Following briefing and oral arguments, the Court of Appeals issued an order on July 29, 2024, concluding that it and the District Court lacked jurisdiction over the dispute because the case was not prudentially ripe, given that DOL had not yet acted on its October 28, 2021 redetermination by refusing to certify an FTA grant to a California transit agency on the basis of PEPRAs. Accordingly, the Court of Appeals vacated the District Courts judgment in favor of the State, vacated the injunction which prohibited DOL from relying on PEPRAs to deny funding under Section 13(c), and remanded the matter to the District Court with instructions to dismiss the case for lack of jurisdiction. The District Court dismissed and closed the case on November 4, 2024.

FTA grants are a significant source of funding for the District. It is possible that, without the injunction in place, DOL will uphold objections to California transit agencies future federal grant applications and will find that PEPRAs is inconsistent with Section 13(c) protections. It also is possible that DOLs leadership under the next administration will again reverse course and determine that PEPRAs is not a bar to grant certification under Section 13(c). In any case, further litigation between the State and the ATU and/or DOL could occur. Although it is impossible to predict the final outcome of any further litigation involving PEPRAs and Section 13(c), options may be available to preserve the flow of federal funds to the District despite such litigation, if needed. However, if federal grant funds are suspended, the District may have to delay or cancel both capital and operating projects, or use alternate funding sources for projects, potentially including additional bonds.

The District's collection of Sales Tax Revenues to pay debt service on bonds, including the Series 2025 Bonds, is not affected by the receipt of FTA grants.

District Financial Information

Analysis of Basic Financial Statements. In Fiscal Year 2024, total assets and deferred outflows were \$992.7 million, an increase of \$100.1 million or 11.2% compared to June 30, 2023. In Fiscal Year 2023, total assets and deferred outflows were \$892.7 million, an increase of \$143.5 million or 19.2% compared to June 30, 2022. Total current assets as of June 30, 2024 were \$458.2 million, which was an increase of \$5.0 million or 1.1% from \$453.1 million in assets on June 30, 2023. Total assets also increased from June 30, 2022 to June 30, 2023 by \$136.2 million or 43.0%. Capital assets net of accumulated depreciation and amortization was \$175.1 million on June 30, 2024, which was an increase of \$21.5 million or 14.0% compared to 2023, and decreased by \$7.5 million or 4.7% in 2023 compared to 2022. Land; buses; related equipment and buildings, and related building improvements comprise most of the District's capital assets.

In Fiscal Year 2024, total liabilities and deferred inflows of resources were \$425.6 million, a decrease of \$10.4 million or 2.4% compared to Fiscal Year 2023. In Fiscal Year 2023, total liabilities and deferred inflows of resources were \$436.0 million, an increase of \$38.1 million or 9.6% compared to 2022. The decrease for 2024 was mostly due to decreases of \$3.4 million in other noncurrent liabilities, \$9.3 million in Net Other Post-Employment Benefits ("OPEB") liability, and \$1.9 million in deferred inflows related to pension liabilities, partially offset by increases in accounts payable, accrued expenses and deferred inflows related to OPEB. The increase for Fiscal year 2023 was mostly due to increases of \$3.1 million in self-insurance liabilities, \$9.2 million in unearned revenue, \$2.9 million in net OPEB liability, and \$22.1 million in net pension liability, partially offset by increases in deferred inflows related to OPEB, deferred inflows related to pension.

On June 30, 2024, the District's net position was \$567.1 million, an increase of \$110.5 million or 24.2% compared to \$456.7 million on June 30, 2023. As of June 30, 2023, the net position increase was \$105.4 million or 30.0% higher than June 30, 2022. The net investment in capital assets was \$173.8 million on June 30, 2024. The total restricted net position on June 30, 2024 was \$26.6 million. The remaining \$366.7 million of total net position on June 30, 2024 was unrestricted net position. The District reported a positive unrestricted net position, mainly due to the operating assistance (including transaction and use tax) exceeding operating expenses, depreciation and amortization by \$35.3 million, increases of \$20 million from capital contribution, increases of \$14.6 million in other income, and increases of \$15 million in investment income.

Revenue Highlights. Operating revenues generated from passenger fares of \$12.7 million increased by \$1.5 million or 13.3% during Fiscal Year 2024 compared to Fiscal Year 2023, and increased by \$2.3 million or 26.0% in Fiscal Year 2023 compared to Fiscal Year 2022. The increases for Fiscal Years 2023 and 2024 were results of strong fixed-route ridership recovery after the ridership losses associated with the COVID-19 pandemic.

In Fiscal Year 2024, nonoperating revenues increased by \$15.5 million or 5.3% to \$306.0 million. The increase was mainly due to increases in investment income and other income. Operating assistance of \$258.5 million accounted for the majority of Fiscal Year 2024 nonoperating revenues. This amount consisted of 67.0% from transaction and use tax, 21.9% from local transportation funds, and 11.1% from other sources. In Fiscal Year 2023, nonoperating revenues increased from Fiscal Year 2022 by \$49.3 million or 20.4% to \$290.5 million. The increase was mainly due to operating assistance, other income, and investment income. Operating assistance of \$272.5 million accounted for the majority of Fiscal Year 2023 nonoperating revenues. This amount consisted of 64.8% from transaction and use tax, 20.6% from local transportation funds, and 14.6% from other sources.

Expense Highlights. In Fiscal Year 2024, total operating expenses (excluding depreciation) were \$205.7 million, an increase of \$31.9 million or 18.4% compared to Fiscal Year 2023. The increase was driven by increases in salaries and benefits, contract operations and maintenance services, and provisions for claims and claims adjustment. The increases in salaries and benefits were mainly due to a reduction in employee vacancies and adjustments related to GASB 68 pension reporting requirements. Additionally, the increases in contract operations and maintenance services were a result of higher service miles and adjustments to contracted rates. In Fiscal Year 2023, total operating expenses (excluding depreciation) were \$173.8 million, an increase of \$49.0 million or 39.3% compared to Fiscal Year 2022. The increase was due to an increase in salaries and benefits, contract operations and maintenance services,

materials and supplies, and provisions for claims and claims adjustment. The increase in salaries and benefits were mainly due to a rise in the fringe benefits rate and adjustments related to GASB 68 pension reporting requirements. Depreciation and amortization expenses were \$17.5 million and \$18.4 million for Fiscal Year 2024 and Fiscal Year 2023 respectively, a \$0.9 million or 4.8% decrease in Fiscal Year 2024 compared to Fiscal Year 2023 and \$0.3 million or 1.7% decrease in Fiscal Year 2023 compared to Fiscal Year 2022.

In Fiscal Year 2024, nonoperating expenses were \$9.1 million, an increase of \$0.8 million or 9.6% compared to Fiscal Year 2023. The increase was due to higher expenses for noncapitalized projects. In Fiscal Year 2023, nonoperating expenses were \$8.3 million, a decrease of \$2.9 million or 26.1% compared to Fiscal Year 2022. The decrease was due to lower expenses for noncapitalized projects.

Capital Program. The District received capital contributions of \$24.0 million in Fiscal Year 2024 and \$4.1 million in Fiscal Year 2023, which was an increase of \$19.9 million or 489.2% in Fiscal Year 2024 compared to Fiscal Year 2023, and an increase of \$1.0 million or 30.5% in Fiscal Year 2023 compared to Fiscal Year 2022.

Major capital expenditures for Fiscal Year 2024 included: (1) purchase of revenue vehicles (\$26.8 million); (2) maintenance and administrative facilities and equipment (\$5.7 million); (3) communication information system (\$1.2 million); (4) replacement of bus parts in accordance with Federal Transit Administration guidelines (\$0.5 million); and (5) capital project development, and other costs (\$5.7 million). For additional information concerning the District's Capital Assets, see Note 5 to the audited financial statements of the District, attached as Appendix B to this Official Statement.

Outstanding Indebtedness

Upon issuance of the Series 2025 Bonds, the Series 2025 Bonds will be the only obligations of the District secured by the receipts of the Sales Tax. The Series 2025 Bonds will refund the obligation listed in the audited financial statements of the District which are attached as Appendix B to this Official Statement. For additional information concerning the District's Long-Term Debt, see Note 11 to the audited financial statements of the District, which describes the bonds being refunded by this issuance. Please also see "Management's Discussion of Financial Results" herein.

Strategic Plans, Short Range Transit Plans And Capital Improvement Plans

Strategic Plans. Periodically, the District Board of Directors adopts a strategic plan (each, a "Strategic Plan") to support the long-term vision of the District. The current Strategic Plan, the Fiscal Years 2026-2035 Strategic Plan, was adopted by the District Board of Directors on November 6, 2024, and is intended to serve as the policy blueprint that shapes the District's direction for the next 10 years. The Strategic Plan sets the framework for policy, investment and service decisions, and identifies priorities and goals that define what the District should strive to do every day. The six goals are: Deliver Better Mobility Services; Provide Outstanding Customer Experience; Become an Employer of Choice; Lead Responsibly; Ensure Effective Management; and Exercise Collective Efforts. It is anticipated that the Strategic Plan will be comprehensively evaluated and refreshed at the five-year mark.

Short Range Transit Plans. Federal statutes require that transit operators, such as the District, which are eligible to receive federal funds for transportation projects, periodically prepare short range transit plans (each, a "Short Range Transit Plan" or "SRTP") and capital improvement plans (each, a "Capital Improvement Plan" or a "CIP") which provide detailed reports of District operations and forecast funding and operating conditions typically over a ten-year horizon. Each SRTP and CIP is a tactical document intended to support and supplement the strategy identified in the Strategic Plan. The current SRTP, for Fiscal Years 2023-2028, included a scenario planning exercise to better understand the fiscal and operational impacts of the COVID-19 pandemic on transit operators and provides a framework for planning with uncertainty. Unlike previous SRTP iterations, it does not include a 10-year CIP and was only requested for a 5-year time horizon.

CIP. The District is currently developing a 10-year capital program which will document and prioritize the District's unconstrained capital needs for the next 10 years (Fiscal Years 2026-2035). The Fiscal Years 2026-2035 unconstrained capital program will be accompanied by a 4-year fiscally constrained CIP (Fiscal Years 2026-2029).

The 4-year CIP will be brought to the District Board of Directors for consideration later in Fiscal Year 2025. The Fiscal Years 2026-2035 capital program will describe and discuss the capital programs (vehicles, facilities and equipment) required to carry out SamTrans operations and services, advance the Fiscal Years 2026-2035 Strategic Plan goals, and transition to a 100 percent zero-emission fleet by 2034. The capital program will provide the basis for requests for federal, state and regional funding for capital replacements, rehabilitation, enhancement, and expansion projects. The preliminary draft unconstrained 10 year capital program (Fiscal Years 2026-2035) CIP includes approximately \$2 billion in capital project needs, primarily focused on transitioning to a zero-emissions fleet, maintaining a state of good repair, and enhancing transit service. Additional planned capital investments include initiatives related to customer experience, organizational investment, and innovation.

Currently, the District anticipates the need to issue additional Senior Lien Bonds to finance the acquisition of and improvements to a new headquarters building and additional capital projects from the anticipated CIP for Fiscal Years 2026-2029. The funding plans for the headquarters building and other capital projects have not been formulated and are subject to the District Board of Directors' approval, market conditions and other factors. The timing and the principal amount of any sale or issuance of additional Senior Lien Bonds are subject to change based upon legal, market and other factors. See "INVESTMENT CONSIDERATIONS—Additional Bonds," "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS—Additional Bonds and Other Obligations—*Additional Senior Lien Bonds*" in the forepart of this Official Statement

Capital Funding Strategy

The District's capital funding strategy prioritizes leveraging external sources, such as federal, state, regional, and local funds, to minimize reliance on debt. The District has issued no debt to fund new capital expenses since the 1990s; all District issuances since 2000 have been for refunding bonds.

Sales Tax Revenues are safeguarded through a Trustee who prioritizes debt service obligations before allocating funds for capital use, providing added security for bondholders, including the owners of the Series 2025 Bonds.

Looking ahead, the District is developing strategies to continue to sustainably fund its capital program while maintaining a healthy operating budget. While grants and existing funding sources remain the primary focus, the District may consider leveraging debt in the future if it aligns with public needs and ensures financial sustainability. Any debt issuance would be approached cautiously, with a commitment to maintaining adequate reserves and long-term fiscal health.

Continued and/or future potential Federal funding sources may include, but are not necessarily limited to, Urbanized Area Formula Funds ("FTA Section 5307 Funds"), Capital Investment Program Grants (New Starts/Small Starts/Core Capacity), Bus and Bus Facilities Program Funds, Rural Area Formula Grants, Enhanced Mobility of Seniors and Individual with Disabilities Funds, Congestion Mitigation and Air Quality Funds, Surface Transportation Program Funds and Department of Energy Regional Clean Hydrogen Hubs funds. Some of these sources of federal funding provide partial funding for a project and require that the remainder of funding be provided by local matching funds. State funding sources may include, but are not necessarily limited to, (i) State Transportation Improvement Program funds, which are comprised of federal dollars and California State Highway Account funds, (ii) funds received from general obligation bonds issued by the State of California to fund transportation projects, and (iii) funds from the State's cap and trade program. Regional funding sources may include, but are not necessarily limited to, a portion of the bridge toll revenues ("Bridge Toll Revenues") collected on the state-owned toll bridges spanning San Francisco Bay, including additional Bridge Toll Revenues generated by Regional Measures 2 and 3 approved by San Francisco Bay Area voters; funding from the Bay Area Air Quality Management District grant programs, and revenues from the San Mateo County Express Lanes Joint Powers Authority. Other regional and local funding sources may include the Sales Tax Revenues received by the District from the Trustee after the Trustee has set aside funds to pay debt service on the Series 2025 Bonds, funds received from Measures A and W Sales Taxes, and real property rental income.

The District's CIP serves as a guiding framework for prioritizing infrastructure and equipment investments. For the Fiscal Years 2014-2023 CIP, anticipated funding includes \$141.5 million (58.4%) from Federal Transit Administration (the "FTA") Section 5307 funds, \$77.9 million (32.2%) from Sales Tax Revenues, \$16.9 million

(7.0%) from state sources such as Proposition 1B funds, and \$5.8 million (2.4%) from the JPB and Measure A Sales Tax funds. See “—California Public Employees’ Pension Reform Act of 2013” herein. These resources support state of good repair (“SOGR”) needs, asset replacement, and critical capital projects. The new CIP being presented for the next 10 years will include a similar look-ahead, based on updated estimates. See “— Strategic Plans, Short Range Transit Plans And Capital Improvement Plans — CIP.”

The CIP evolves through regular updates, reflecting changes in economic conditions, priorities, and funding availability. While specific expenditures and funding sources may shift, the District is committed to long-term financial health through:

- Responsibly leveraging Sales Tax Revenues and supplementing them with external funding sources to support capital projects, ensuring balanced use of resources.
- Maintaining existing assets and adhering to replacement cycles for safety and reliability.
- Aligning investments with strategic goals to meet public needs and enhance service delivery.

This balanced approach ensures financial sustainability while addressing immediate and long-term infrastructure priorities, supporting the District’s mission to provide reliable and efficient service to the public.

Investment Policy, Investment Management Services and Investments

The District Board of Directors updated its Statement of Investment Policy (the “Investment Policy”) most recently on April 3, 2024. [It is revised and/or reaffirmed by the District Board of Directors on a periodic basis, with the next review scheduled for _____, 2025][UPDATE/CONFIRM]. The cash management system of the District is designed to monitor and forecast expenditures and revenues, enabling the District to invest funds to the fullest extent possible pursuant to the Investment Policy. Funds of the District are to be invested in accordance with sound treasury management, the provisions of California Government Code Section 53600 et. seq. and the Investment Policy. The Investment Policy designates the General Manager/CEO of the District, or a designee of the General Manager/CEO, to serve as the District’s trustee for purposes of placing investments pursuant to the Investment Policy. See APPENDIX C - “SAN MATEO COUNTY TRANSIT DISTRICT STATEMENT OF INVESTMENT POLICY.”

All amounts held on deposit by the Trustee in the funds and accounts established under the Indenture will be invested as directed by the District in Investment Securities as defined in the Indenture of Trust for this issuance. See APPENDIX F – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions.”

A summary of District investments, including cash and funds held on deposit with the 2015 Trustee, as of [September 30, 2024] is set forth below. [TABLE MAY BE UPDATED CLOSER TO POSTING]

Security Category	Percentage of Portfolio	Amount ⁽¹⁾
U.S. Government Securities	13%	\$ 63,978,765
U.S. Agency Securities	12	58,800,000
Investment Pools: Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP)	40	193,288,194
Cash (including MMF)	33	161,101,169
Funds on Deposit with 2015 Trustee	1	6,425,015
Total	100%	\$483,593,143

⁽¹⁾ Rounded to the nearest thousand.
Source: San Mateo County Transit District.

Employee Retirement Benefits

The information concerning the California Public Employees' Retirement System ("CalPERS") set forth below under this caption and under the caption "Post-Retirement Health Care Benefits" is excerpted from publicly available sources which the District believes to be accurate. CalPERS should be contacted directly at CalPERS, Lincoln Plaza, 400 Q Street, Sacramento, California 95811, Telephone: (888) 225-7377 for a copy of its annual report and other information concerning CALPERS, including information relating to its financial position and investments.

Plan Description. All qualified permanent and probationary employees, including those assigned to work for the JPB and the SMCTA, are eligible to participate in the District's defined benefit pension plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System ("CalPERS"), which acts as a common investment and administrative agent for its participating member employers. Benefits are established by contract with CalPERS in accordance with the provisions of the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of CalPERS credited service are eligible to retire at age 50 with statutorily reduced benefits. Effective January 1, 2013, new CalPERS members are subject to the Public Employees' Pension Reform Act ("PEPRA"); to be eligible for retirement, a PEPRA employee must be at least 52 years of age. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire date	Prior to June 1, 2012	June 1, 2012 through December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% at 55	2.0% at 60	2.0% at 62
Minimum years of service to vest	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Earliest retirement age	50	50	52
Required employee contribution rates	7.000%	7.000%	8.000%
Required employer contribution rates*	9.470%	9.470%	9.470%

* Excluding an additional UAL payment in the amount of \$6,018,269

Employees Covered – At June 30, 2024, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	719
Inactive employees entitled to but not yet receiving benefits	251
Active employees	734
Total number of employees covered by the benefit terms	1,704

Employees Covered – At June 30, 2023, the following employees were covered by the plan:

Inactive employees (or their beneficiaries) currently receiving benefits	692
Inactive employees entitled to but not yet receiving benefits	241
Active employees	703

Total number of employees covered by the benefit terms

1,636

Contributions. Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

On May 3, 2023, the District’s Board of Directors approved establishment of a California Employers’ Pension Prefunding Trust (“CEPPT”) Account for the District with CalPERS and directed the staff to open and fund the trust account over Fiscal Year 2023 and Fiscal Year 2024 with a \$21 million pension prepayment reserve fund contribution that was included in the District’s 2023 Operating Budget. The CalPERS CEPPT trust fund program allows state and local public employers to prefund their future pension costs through an investment vehicle designed to accumulate assets over time. By establishing a CEPPT trust fund account, the District can proactively manage its long-term pension costs and liabilities by using assets in the trust to manage growing pension liabilities, including future normal costs and Unfunded Accrued Liability (“UAL”) payments. The assets in the trust can be used to stabilize pension rates and offset unexpected contribution rate increases, as well as to act as a rainy-day fund to ensure resources are available for pension obligations when revenues are impaired, based on economic or other conditions. As of June 30, 2024, the District has contributed the entire \$21 million reserve in the Account.

Net Pension Liability.

The District’s net pension liability for Fiscal Year 2024 is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability for Fiscal Year 2024 is measured as of June 30, 2023, using an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District’s net pension liability for Fiscal Year 2023 is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability for Fiscal Year 2023 is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. Net pension liability includes all employees assigned to work for the JPB and the SMCTA. A summary of principal assumptions and methods used in the latest actuarial valuation to determine the net pension liability follows.

Actuarial Assumptions. The total pension liabilities in the June 30, 2023 and June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

	2023	2024
Valuation Date	June 30, 2021	June 30, 2022
Measurement Date	June 30, 2022	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	6.90%	6.90%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies by Entry-Age and Service	Varies by Entry-Age and Service
Investment Rate of Return	7.00% ⁽¹⁾	7.00% ⁽¹⁾
Mortality	(2)	(2)

⁽¹⁾ Net of pension plan investment and administrative expenses, including inflation.

⁽²⁾ The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Further details regarding the experience study can be found on the CalPERS website.

Changes in the Net Pension Liability.

The changes in the net pension liability recognized over the measurement period ended June 30, 2023 (Fiscal Year ended June 30, 2024) are as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 433,260	\$ 342,963	\$ 90,297
Changes recognized for the measurement period			
Service cost	11,456	-	11,456
Interest on the total pension liability	29,756	-	29,756
Changes of benefit terms	499	-	499
Difference between expected and actual experience	2,157	-	2,157
Contributions from the employer	-	13,146	(13,146)
Contributions from employees	-	5,348	(5,348)
Net investment income	-	21,362	(21,362)
Benefit Payments, including refunds	(20,805)	(20,805)	-
Administrative Expense	-	(252)	252
Net changes	<u>23,063</u>	<u>18,799</u>	<u>4,264</u>
Balance at June 30, 2024	<u>\$ 456,323</u>	<u>\$ 361,762</u>	<u>\$ 94,561</u>

The changes in the Net Pension Liability recognized over the measurement period ended June 30, 2022 (Fiscal Year ended June 30, 2023) are as follow (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 405,661	\$ 374,025	\$ 31,636
Changes recognized for the measurement period			
Service cost	10,516	-	10,516
Interest on the total pension liability	28,240	-	28,240
Changes of assumptions	12,758	-	12,758
Difference between expected and actual experience	(4,875)	-	(4,875)
Contributions from the employer	-	11,844	(11,844)
Contributions from employees	-	4,636	(4,636)
Net investment income	-	(28,268)	28,268
Benefit Payments, including refunds	(19,040)	(19,040)	-
Administrative Expense	-	(234)	234
Net changes	<u>27,599</u>	<u>(31,062)</u>	<u>58,661</u>
Balance at June 30, 2023	<u>\$ 433,260</u>	<u>\$ 342,963</u>	<u>\$ 90,297</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability for the measurement period ended June 30, 2023 (Fiscal Year ended June 30, 2024) calculated using the plan discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (in thousands):

	1% Decrease	Current	1% Increase
Discount Rate	5.90%	6.90%	7.90%
Net Pension Liability	\$ 151,812	\$ 94,561	\$ 46,796

The following presents the net pension liability for the measurement period ended June 30, 2022 (Fiscal Year ended June 30, 2023) calculated using the plan discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (in thousands):

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount Rate	5.90%	6.90%	7.90%
Net Pension Liability	\$ 145,206	\$ 90,297	\$ 44,521

Pension Plan Fiduciary Net Position. Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended June 30, 2024, the District recognized pension expenses of \$18,735,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 14,379	\$ -
Changes of assumptions	5,468	-
Differences between expected and actual experiences	1,522	(2,318)
Net differences between projected and actual earnings on plan investments	16,337	-
Total	\$ 37,706	\$ (2,318)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2023, the District recognized pension expenses of \$12,844,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 13,147	\$ -
Changes of assumptions	9,113	-
Differences between expected and actual experiences	14	(4,168)
Net differences between projected and actual earnings on plan investments	17,375	-
Total	\$ 39,649	\$ (4,168)

Deferred outflows of resources related to contributions subsequent to the measurement date is \$13,147,000, which will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a reduction to pension expense as follows (in thousands):

<u>Year Ended June 30</u>	
2025	\$ 5,609
2026	3,468
2027	11,490
2028	442
Total	\$ 21,009

See “—Employees, Personnel Costs and Labor Relations” above for information related to the District’s personnel costs allocated to the JPB, SMCTA and SMCELJPA.

Health Care and Other Post Employment Benefits

Plan Description and Benefits Provided

In August 1993, the District’s Board of Directors adopted the San Mateo County Transit District Retiree Healthcare Plan (the “Plan”). The Plan provides lifetime post-retirement CalPERS medical care insurance benefits to qualified retirees, those who have attained at least 50 years of age and have at least five years of service and who retire under CalPERS within 120 days of separation from District employment, and their eligible dependents and surviving spouses. Benefit allowance provisions are established, and may be amended, through agreements and memorandums of understanding (“MOUs”) between the District, its management employees and unions representing District employees. In April 2008, the District’s Board of Directors adopted an OPEB funding plan (the “OPEB Plan”) and in

April 2009, as authorized by that plan, adopted the California Employers' Retiree Benefit Trust ("CERBT"), a tax-exempt Internal Revenue Code section 115 trust administered by CalPERS.

The District's OPEB Plan provides qualified retirees for life with a cash subsidy in the form of a fixed-dollar District contribution directly to CalPERS for monthly medical insurance premiums of up to \$476 for employee-only coverage, \$953 for employee-plus-one coverage, or \$1,239 for employee-plus-two coverage. However, for Kaiser plans specifically, the rate is \$432 for employee coverage, \$864 for employee-plus-one coverage, or \$1123 for employee-plus-family coverage. Retirees can select from various health plans offered by the District through CalPERS such as Blue Shield, Kaiser, Health Net, Anthem, and United Healthcare. If a qualified retiree waives coverage, the retiree will not receive the District's contribution.

The District contributes to the CERBT, an agent multiple employer defined benefit OPEB plan that is an irrevocable trust established to fund postemployment healthcare benefits. This trust is not considered a component unit of the District and is excluded from these financial statements. The CERBT issues a publicly available annual financial report, which may be obtained from the CalPERS website. At the June 30, 2022 and June 30, 2023 measurement dates, the numbers of active and retired District employees covered by the Plan were as follows:

	<u>2023</u>	<u>2022</u>
Retired employees receiving benefits	436	421
Retired employees entitled to but not receiving benefits	136	137
Active plan members	794	762
Total	<u>1,366</u>	<u>1,320</u>

Funding Policy and Contribution

The OPEB Plan also called for increasing amounts to be funded into the trust each year until the full Annual Determined Contribution ("ADC") can be funded on an annual basis. The District contributes an amount that is actuarially determined that represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

In Fiscal Year ended June 30, 2024, the District contributed \$4,000,000 to the established trust fund through CERBT. In addition, the District contributed \$3,506,000 in pay-as-you-go amounts for the year ended June 30, 2024. Additional contributions were in the form of an implicit subsidy in the amount of \$717,000 were made.

In Fiscal Year ended June 30, 2023, the District contributed \$4,000,000 to the established trust fund through CERBT. In addition, the District contributed \$2,803,000 in pay-as-you-go amounts for the year ended June 30, 2023. Additional contributions in the form of an implicit subsidy in the amount of \$635,000 were made.

Net OPEB Liability

The District's net OPEB liability includes all employees assigned to work for the JPB and the SMCTA . It was measured as of June 30, 2023 for the Fiscal Year ended on June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.25%
Mortality	Projected fully generational with Scale MP-2021
Healthcare Trend Rate	Non-Medicare – 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare – 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076

The District’s net OPEB liability was measured as of June 30, 2022 for the Fiscal Year ended on June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, that was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Discount Rate	6.25%
Inflation	2.50%
Investment Rate of Return	6.25%
Mortality	Projected fully generational with Scale MP-2020
Healthcare Trend Rate	Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare – 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076

Discount Rate

The discount rate used to measure the total OPEB liability were 6.25 percent for the measurement date as of June 30, 2023 and 6.25 percent for the measurement date as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change in Net OPEB Liability

The changes in the net OPEB liability for the District’s plan over the measurement period ended June 30, 2023 (Fiscal Year ended June 30, 2024) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 54,461	\$ 36,141	\$ 18,320
Changes for the year:			
Service cost	1,734	-	1,734
Interest	3,405	-	3,405
Differences between actual and expected experience	(3,424)	-	(3,424)
Changes in assumptions	(1,203)	-	(1,203)
Contribution – employer	-	7,438	(7,438)
Net investment income	-	2,422	(2,422)
Benefit payments and refunds	(3,427)	(3,427)	-
Administrative expenses	-	(22)	22
Net changes	(2,915)	6,411	(9,326)
Balance at June 30, 2024	\$ 51,546	\$ 42,552	\$ 8,994

The changes in the net OPEB liability for the District’s plan over the measurement period ended June 30, 2022 (Fiscal Year ended June 30, 2023) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 52,926	\$ 37,515	\$ 15,411
Changes for the year:			
Service cost	1,688	-	1,688
Interest	3,306	-	3,306
Changes in assumptions	-	-	-
Contribution – employer	-	7,467	(7467)
Net investment income	-	(5,364)	5,364
Benefit payments and refunds	(3,459)	(3,459)	-
Administrative expenses	-	(18)	18
Net changes	1,535	(1,374)	2,909
Balance at June 30, 2023	\$ 54,461	\$ 36,141	\$ 18,320

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the years ended June 30, 2024 and 2023:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2024		
Discount Rate – 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
\$ 13,879	\$ 8,994	\$ 4,778
Net OPEB Liability for the Fiscal Year Ended on June 30, 2024		
Trend Rate – 1%	Current Trend	Trend Rate + 1%
\$ 7,806	\$ 8,994	\$ 10,580

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the years ended June 30, 2024 and 2023:

Net OPEB Liability for the Fiscal Year Ended on June 30, 2023					
Discount Rate – 1%		Current Discount Rate		Discount Rate + 1%	
(5.25%)		(6.25%)		(7.25%)	
\$	23,670	\$	18,320	\$	13,733

Net OPEB Liability for the Fiscal Year Ended on June 30, 2023					
Trend Rate – 1%		Current Trend		Trend Rate + 1%	
\$	16,733	\$	18,320	\$	20,471

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the Fiscal Year ended June 30, 2024, the District recognized an OPEB expense in the amount of \$2,107,000. As of Fiscal Year ended June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 7,765	\$ -
Changes of Assumptions	1,655	(1,455)
Differences between Expected and Actual Experiences	-	(5,424)
Net differences between projected and actual earnings on plan investments	2,486	-
Total	\$ 11,906	\$ (6,879)

For the Fiscal Year ended June 30, 2023, the District recognized an OPEB expense in the amount of \$2,572,000. As of Fiscal Year ended June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 7,438	\$ -
Changes of Assumptions	2,142	(628)
Differences between Expected and Actual Experiences	-	(3,438)
Net differences between projected and actual earnings on plan investments	3,181	-
Total	\$ 12,761	\$ (4,066)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expenses systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expenses. The recognition period differs depending on the source of the gain or loss. The contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB

liability in the next fiscal year. The other deferrals are amortized over the remaining 6 years from 2025 to 2029 and thereafter as follows:

Year Ended June 30		
2025	\$	(757)
2026		(738)
2027		644
2028		(765)
2029		(701)
Thereafter		(421)
Total	\$	(2,738)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expenses. The recognition period differs depending on the source of the gain or loss. The contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other deferrals are amortized over the remaining 6 years from 2025 to 2029 and thereafter as follows:

Year Ended June 30		
2025	\$	(757)
2026		(738)
2027		644
2028		(765)
2029		(701)
Thereafter		(421)
Total	\$	(2,738)

Risk Management; Self Insurance

Risk Management. The District retains an independent consultant to conduct an actuarial study on an annual basis and to perform a review of the District’s risk management programs on an annual basis. The District implements the recommendations of the independent consultant and coordinates the annual insurance program. Staff monitor the programs and the reserves throughout the year.

Self-Insurance. The District is exposed to various risks of loss including but not limited to those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District is self-insured for a portion of its public liability, property damage and workers’ compensation liability.

As of June 30, 2024, coverage provided by self-insurance and excess coverage (purchased by the District) is generally summarized as follows:

<u>Type of coverage</u>	<u>Self-Insured Retention (in thousands)</u>	<u>Excess Insurance (in thousands)</u>
General Liability and Auto Liability	\$3,000 per occurrence	\$99,000 per occurrence/ annual aggregate
Workers' Compensation	\$1,000 per occurrence	\$10,000 per occurrence
Employment Practices	\$500 per claim	\$5,000 aggregate
Bus Physical Damage	\$50 maximum per vehicle / \$150 maximum per occurrence	\$25,000 per occurrence
Real and Personal Property	\$25 per occurrence	\$164,066 Total Insurable Values (TIV)
Environmental Liability	\$50 per occurrence	\$153,987 Total Insurable Values (TIV)
Fiduciary Liability	\$10 per occurrence	\$5,000 per occurrence/annual aggregate
Cyber Liability	\$100 per occurrence	\$2,000 aggregate
Crime Insurance Employee Dishonesty	\$50 per occurrence except for computer fraud and funds transfer	\$5,000 aggregate
Kidnap & Ransom	\$0	\$5,000 per loss
		\$1,000 aggregate

With the exception of the District's older, 2009 Gillig buses insured at actual cash value ("ACV"), all rolling stock is insured at full replacement value for total insurable values ("TIV") of \$164,066,000. Real and Personal Property is insured for total insurable values ("TIV") of \$153,987,000 and is inclusive of \$25,000,000 in state and federally mandated flood insurance. General Liability is inclusive of Public Officials Liability up to \$50,000,000. Coverage extends to the SMCTA in excess of the Authority's own \$11,000,000 in general liability coverage and \$3,000,000 public officials liability policy. Terrorism coverage applies to Liability and Property. Earthquake coverage remains cost prohibitive to procure. To date there have been no significant reductions in any of the District's insurance coverage. Settlements have not exceeded excess coverages for each of the past three Fiscal Years.

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported and incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balances. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

Annual expenses are charged using various allocation methods that include actual costs, trends in claims experience, and numbers of participants. It is the District's practice to obtain full actuarial studies annually.

Changes in the balances of claims liabilities for the three years ended June 30 for public liability, property damage and workers' compensation are as follows (in thousands):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Self-insurance liabilities, beginning of year	\$ 12,271	\$ 9,167	\$ 13,333
Incurred claims and changes in estimates	11,259	6,917	(771)
Claim payments and related costs	(4,901)	(3,813)	(3,395)
Total Self-insurance claims liabilities	18,629	12,271	9,167
Less current portion	7,207	4,838	5,576
Noncurrent portion	\$ 11,422	\$ 7,433	\$ 3,591

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE SAN MATEO COUNTY TRANSIT DISTRICT FOR
FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

APPENDIX C

SAN MATEO COUNTY TRANSIT DISTRICT STATEMENT OF INVESTMENT POLICY

APPENDIX D

ECONOMIC AND DEMOGRAPHIC DATA PERTAINING TO THE COUNTY OF SAN MATEO

Introduction

Set forth below is certain economic and demographic data pertaining to the County of San Mateo, California (the "County"). The economic and demographic data set forth herein are the most current data available as of the date of this Official Statement. All capitalized terms used and not otherwise defined in this Appendix D shall have the meanings set forth in the front portion of this Official Statement.

General

The County was established on April 19, 1856. Located on the San Francisco Peninsula, coastal mountains run north and south through the County, dividing the lightly-populated western part from the heavily-populated eastern corridor between San Francisco and Santa Clara/Silicon Valley. The County covers 455 square miles and contains 20 incorporated cities and San Francisco International Airport. As of April 1, 2024, the estimated population was more than 741,565, which is the most current estimate available.

Population

The following table shows population data for the County, its six largest cities, and the State of California (the "State"), reported as of January 1 for each of the five calendar years set forth below, except for 2020 which is reported as of April 1, 2020. The County's population decreased by approximately 3% during the five year period.

Population
County of San Mateo, Six Largest Cities and State of California
2020 – 2024⁽¹⁾

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
County of San Mateo	764,442	756,636	742,051	745,302	741,565
Six Largest Cities:					
San Mateo	105,717	105,630	103,618	104,180	103,352
Daly City	104,836	104,313	102,196	102,513	101,458
Redwood City	83,454	81,963	81,700	82,144	81,863
South San Francisco	66,258	65,473	64,209	64,765	64,601
San Bruno	44,001	43,424	42,470	42,550	42,152
Pacifica	38,675	38,166	37,224	37,393	37,062
State of California	39,538,223	39,327,868	39,114,785	39,061,058	39,128,162

⁽¹⁾ As of January 1 for the year shown, except for 2020 which is as of April 1, 2020.

Source: Population Estimates for Cities, Counties, and the State, 2020-2024 with 2020 Benchmark, California Department of Finance, May 2024.

Employment

The table set forth below shows annual averages of the estimated number of wage and salary workers by industry for calendar year 2019 through 2023.

County of San Mateo
Estimated Number of Wage and Salary Workers by Industry
Annual Averages 2019 – 2023⁽¹⁾
 (Amounts In Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Farm	1.4	1.4	1.4	1.6	1.5
Total Nonfarm	415.2	384.6	399.0	422.8	421.7
Mining, Logging and Construction	20.4	19.6	19.2	17.8	17.7
Manufacturing	25.7	24.5	25.2	25.7	23.1
Trade, Transportation & Utilities	70.6	62.7	63.6	64.7	64.9
Information	45.4	50.7	55.0	60.3	53.7
Financial Activities	23.9	22.6	22.6	23.6	22.6
Professional & Business Services	85.4	82.0	87.7	92.6	95.8
Education & Health Services	52.0	50.5	52.0	54.8	57.0
Leisure & Hospitality Services	45.7	30.9	33.0	39.3	42.2
Other	13.5	10.7	10.9	13.9	14.1
Government	32.7	30.3	30.0	30.2	30.6
Total All Industries	<u>416.6</u>	<u>386.0</u>	<u>400.4</u>	<u>424.4</u>	<u>423.2</u>

⁽¹⁾ Most current annual average information available.

Source: State of California, Employment Development Department, Annual Planning Information, San Mateo County.

The table set forth below shows the 10 largest employers in the County set forth in the San Francisco Business Times 2022 Book of Lists, published in the San Mateo County Transit District's Fiscal Year 2023 Audited Comprehensive Financial Report (the "ACFR").

County of San Mateo
Ten Largest Employers
(Permanent Employment)
As of 2021⁽¹⁾

<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Meta (Facebook Inc.)	Social Network	15,407
Genentech Inc.	Biotechnology	12,000
Oracle Corp.	Hardware and Software	9,149
United Airlines	Airline	7,894
County of San Mateo	Government	5,705
Gilead Sciences Inc.	Biotechnology	4,190
YouTube	Online Video-Streaming	2,384
Sony Interactive Entertainment	Interactive Entertainment	1,855
Alaska Airlines	Airline	1,591
Electronic Arts Inc.	Video Game Developer	1,478

⁽¹⁾ Most current information available.

Source: San Francisco Business Times - 2022 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2022 County of San Mateo Annual Comprehensive Financial Reporting.

The table set forth below shows unemployment rates for the County, the State and the United States. During each of the years set forth in the table, the unemployment rate in the County has been lower than the unemployment rates in the State and in the United States.

**Unemployment Rates
2014 – 2024⁽¹⁾**

<u>Year</u>	<u>County of San Mateo</u>	<u>State of California</u>	<u>United States</u>
2014	4.3	7.6	5.5
2015	3.4	6.3	5.1
2016	3.1	5.5	4.6
2017	2.7	4.8	4.6
2018	2.2	4.3	5.8
2019	2.1	4.1	9.3
2020	7.0	10.2	9.6
2021	4.6	7.3	8.9
2022	2.5	4.3	8.1
2023	3.0	4.8	7.4
2024	3.5	5.4	6.2

⁽¹⁾ Most current annual information available and not seasonally adjusted.

Source: State of California, Employment Development Department, Labor Market Information Division and United States Department of Labor, Bureau of Labor Statistics.

As set forth in the State of California, Employment Development Department, Labor Market Information Notice dated October 18, 2024, for the month ended September 2024, the unemployment rate for the County was 3.5% and the unemployment rate for the State was 5.9%. As reported by the United States Department of Labor, Bureau of Labor Statistics on October 4, 2024, for the month ended September 30, 2024, the United States unemployment rate was 4.1%.

Taxable Transactions

The table set forth below shows taxable transactions by type of business for the calendar years 2019 through 2023.

[Remainder of page intentionally left blank]

County of San Mateo Taxable Transactions by Type of Business
For Calendar Years 2019 Through 2023
(Dollars In Thousands)

<u>Type of Business</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Apparel Stores	\$ 1,765,525	\$ 1,317,058	\$ 1,684,330	\$ 1,893,223	\$ 1,947,135
General Merchandise Stores	2,597,613	2,289,942	2,820,496	2,955,031	2,648,695
Service Stations	2,320,719	1,323,588	1,881,579	2,589,236	2,376,882
Food Stores	1,432,922	1,495,485	1,463,705	1,509,385	1,511,068
Eating and Drinking Places	4,820,492	2,847,389	3,923,360	4,926,368	5,406,930
Home Furnishings and Appliances	1,830,205	1,619,113	1,789,709	1,884,518	1,659,510
Building Materials	2,114,799	2,259,785	2,543,064	2,595,685	2,362,298
Automotive	3,929,553	3,431,174	4,003,335	4,422,674	4,560,561
All Other Retail Stores	<u>3,257,352</u>	<u>4,734,793</u>	<u>5,319,704</u>	<u>5,192,198</u>	<u>5,460,333</u>
 Total Retail and Food Service	 24,069,182	 21,318,327	 25,429,282	 27,968,319	 27,933,411
 All Other Outlets	 <u>12,502,933</u>	 <u>10,561,808</u>	 <u>13,648,168</u>	 <u>15,897,060</u>	 <u>16,271,123</u>
 Total All Outlets	 <u>\$ 36,572,115</u>	 <u>\$ 31,880,135</u>	 <u>\$ 39,077,450</u>	 <u>\$ 43,865,379</u>	 <u>\$ 44,204,534</u>

* Most current information available includes taxable sales for the first, second and third quarters of 2023 only.

Source: Taxable Sales In California, California State Board of Equalization.

Note: Total may not compute to total due to rounding.

[Remainder of page intentionally left blank]

Historical Effective Buying Income

The tables set forth below summarize total Effective Buying Income (“EBI”) and median household EBI for the County, the State and the United States for the calendar years 2020 through 2024.

**Total Effective Buying Income
Years 2020 - 2024
(Dollars in Thousands)**

Year	County of San Mateo	State of California	United States
2020	\$40,511,605	\$1,243,564,816	\$9,487,165,436
2021	43,397,132	1,290,894,604	9,809,944,764
2022	48,351,364	1,452,426,153	11,208,582,541
2023	46,729,979	1,461,799,662	11,454,846,397
2024	44,702,740	1,510,708,521	11,987,185,826

**Median Household Effective Buying Income
Years 2020 - 2024
(Dollars in Thousands)**

Year	County of San Mateo	State of California	United States
2020	\$96,614	\$65,870	\$55,303
2021	102,641	67,956	56,790
2022	120,425	77,058	64,448
2023	123,273	77,175	65,326
2024	119,658	80,973	67,876

Sources: Claritas, LLC.

[Remainder of page intentionally left blank]

Personal Income and Per Capita Personal Income

The tables set forth below summarize total personal income and per capita personal income for the County, the State and the United States for calendar years 2018 through 2022.

Personal Income Years 2018 – 2022 (Dollars in Thousands)

Year	County of San Mateo	State of California	United States
2018	\$95,143,957	\$2,411,055,136	\$17,514,402,000
2019	99,027,638	2,537,950,599	18,343,601,000
2020	108,186,874	2,767,521,379	19,609,985,000
2021	129,090,019	3,013,676,929	21,392,812,000
2022	127,657,596	3,006,647,281	21,820,248,000

Per Capita Personal Income Years 2018 – 2022 (Dollars in Thousands)

Year	County of San Mateo	State of California	United States
2018	\$123,303	\$60,984	\$53,310
2019	128,875	64,174	55,560
2020	141,882	70,061	59,132
2021	174,668	76,691	64,445
2022	175,070	77,036	66,220

Source: U.S. Bureau of Economic Analysis.

[Remainder of page intentionally left blank]

Construction Activity

The table below sets forth information regarding building permits and valuations for calendar years 2018 through 2022.

County of San Mateo
Building Permits and Valuations
2018 – 2022
(Dollars in Thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
New Single-dwelling	\$147,515	\$189,296	\$194,950	\$245,163	\$292,893
New Multi-dwelling	74,329	21,309	107,040	171,390	151,019
Additions, alterations	<u>204,482</u>	<u>262,592</u>	<u>289,619</u>	<u>201,543</u>	<u>299,830</u>
Total Residential ⁽¹⁾	426,327	473,197	591,609	618,097	743,743
New Commercial	17,942	62,510	28,247	83,374	165,578
New Industrial	5,000	0	3,359	2,021	15,724
Other	70,410	66,274	26,029	1,975	58,726
Additions, alterations	<u>235,373</u>	<u>283,752</u>	<u>244,089</u>	<u>167,438</u>	<u>263,460</u>
Total Nonresidential ⁽¹⁾	328,725	412,537	301,725	254,810	503,490
Total Valuation	\$755,052	\$885,735	\$893,335	\$872,907	\$1,247,233
Single-Unit Permit	8	9	14	68	6
Multi-Unit Permit	<u>75</u>	<u>330</u>	<u>27</u>	<u>196</u>	<u>54</u>
Total Permits ⁽²⁾	83	339	41	264	60

* Most current information available.

Source: ⁽¹⁾ Construction Industry Research Board and ⁽²⁾ U.S. Housing and Urban Development and U.S. Census Bureau.

Note: Totals may not add due to independent rounding.

[Remainder of page intentionally left blank]

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

APPENDIX F

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

[To Come]

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX H

PROPOSED FORM OF OPINION OF BOND COUNSEL

[To Come]

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Mateo County Transit District (the “Issuer”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and as dissemination agent (the “Dissemination Agent”) in connection with the issuance of \$_____ San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2025 (as supplemented and amended from time to time pursuant to its terms, including as supplemented and amended by the First Supplemental Indenture of Trust, dated as of March 1, 2025, hereinafter collectively referred to as the “Indenture”), between the Issuer and the Trustee. The Issuer, the Dissemination Agent and the Trustee covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Trustee and the Dissemination Agent for the benefit of the Holders and Beneficial Owners (as such term is defined herein) of the Bonds and in order to assist the Participating Underwriter (as such term is defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

Beneficial Owner shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Disclosure Representative shall mean the Chief Financial Officer of the Issuer or her or his designee, or such other officer or employee as an Authorized Representative of the Issuer shall designate in writing to the Trustee and Dissemination Agent from time to time.

Dissemination Agent shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by an Authorized Representative the Issuer and which has filed with the Trustee and Dissemination Agent a written acceptance of such designation.

Listed Events shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Agreement.

Participating Underwriter shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Repository shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

Rule shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC shall mean the Securities and Exchange Commission or any successor agency thereto.

State shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than eight (8) months after the end of the Issuer's Fiscal Year (presently June 30), commencing with the Annual Report for the Fiscal Year ending June 30, 2025, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and the Trustee may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report. If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice, in electronic format, to the Repository, such notice to be in substantially the form attached as Exhibit A to this Disclosure Agreement.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the

Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, dated _____, 2025, relating to the Bonds (the "Official Statement") and the audited financial statements shall be filed in the same manner as the Annual Report when such audited financial statements become available.

(b) To the extent not included in the audited financial statements described in section (a) above, an update (as of the most recently ended fiscal year of the Issuer) for the tables entitled "Historical Sales Tax Revenues" and "Historical Debt Service Coverage" set forth in the Official Statement under the caption "SALES TAX – Historical Sales Tax Revenues and Historical Debt Service Coverage".

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 Issuer or related public entities, which have been filed with the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event, such notice to be provided in accordance with the provisions set forth in Section 6:

1. principal and interest payment delinquencies;
2. 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 or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. rating changes;
9. bankruptcy, insolvency, receivership or similar event of the obligated person; or

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

Note: for the purposes of the event identified in subsection (9) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, 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 Issuer.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event, such notice to be provided in accordance with the provisions set forth in Section 6:

1. unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. modifications to rights of Bond holders;
3. optional, unscheduled or contingent Bond calls;
4. release, substitution, or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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.
8. Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar

* “Financial Obligation,” as defined in the Rule, means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as

terms of a financial obligation of the Issuer, any of which affect security holders, if material.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(a) or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, whether because of a notice from the Dissemination Agent pursuant to Section 5(d) or otherwise, the Issuer shall within ten (10) Business Days of occurrence file a notice of such occurrence or cause a notice of such occurrence to be filed with the Repository. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this Section 5(c) any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(d) The Dissemination Agent shall, within one (1) Business Day, or as soon thereafter as reasonably practicable, of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Disclosure Representative promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(h). For purposes of this Disclosure Agreement “actual knowledge” of the occurrence of such Listed Events shall mean actual knowledge by the officer at the Corporate Trust Office of the Trustee and Dissemination Agent with regular responsibility for the administration of matters related to the Indenture. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events described in Section 5(b). In the absence of such direction from the Issuer (upon which the Dissemination Agent may conclusively rely), the Dissemination Agent shall not report such event. The Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Listed Event.

(e) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b), whether because of a notice from the Dissemination Agent pursuant to Section 5(d) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(f) If the Issuer has determined that knowledge of the occurrence of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(h).

(g) If in response to a request under Section 5(d), the Issuer determines either (i) that a Listed Event has not occurred or (ii) that a Listed Event described in Section 5(b) has occurred but would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(h) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event described in Section 5(b), the Dissemination Agent shall file a notice

amended) as to which a final official statement (as defined in the Rule) has been provided to the Municipal Securities Rulemaking Board (“MSRB”) consistent with the Rule.

of such occurrence with the Repository, such notice to be provided in accordance with the provisions set forth in Section 6.

SECTION 6. Format for Filings with the Repository. Any notice, report or filing with the Repository pursuant to this Disclosure Agreement must be submitted in electronic format, in word searchable pdf format, accompanied by such identifying information as is prescribed by the Repository. Until otherwise designated by the Repository or the SEC, filings with the Repository are to be made through the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board, currently located at <http://emma.msrb.org>.

SECTION 7. Termination of Reporting Obligation. The obligations of the Issuer, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee. The Dissemination Agent shall not be responsible for filing any report in a form not eligible for filing or not provided to it by the Issuer in a timely manner.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Issuer, provided, neither the Trustee nor the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment relates to the provisions of Section 3(a), Section 4, Section 5(a) or Section 5(b), such amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) This Disclosure Agreement, as amended or taking into account the waiver proposed, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either: (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture with respect to amendments to the Indenture which require the consent of Holders; or (ii) does not, in the opinion of the Trustee or

nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in a filing with the Repository; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer or the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article XI of the Indenture, including, without limitation, Section 11.03 of the Indenture, is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture, and the Trustee and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless

against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's respective negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and the Trustee and payment of the Bonds. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bondholders, or any other party.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer: San Mateo County Transit District
1250 San Carlos Avenue
San Carlos, California 94070-2400
Attention: Chief Financial Officer
Telephone: (650) 508-6946

With a copy to: San Mateo County Transit District
1250 San Carlos Avenue
San Carlos, California 94070-2400
Attention: Director of Treasury
Telephone: (650) 508-7765

With an additional copy to: debt@samtrans.com

To the Trustee: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services
Telephone: (415) 677-3602

To the Dissemination Agent: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services
Telephone: (415) 677-3602

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notices may also be given by email or other electronic means.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and

Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement 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.

[Remainder of Page Intentionally Left Blank]

Date: March __, 2025.

SAN MATEO COUNTY TRANSIT DISTRICT

By _____
Chief Financial Officer

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee and Dissemination
Agent

By _____
Authorized Officer

Exhibit A

Notice to Repository of Failure to File Annual Report

Name of Issuer: San Mateo County Transit District (the “Issuer”)
Name of Issue: San Mateo County Transit District Limited Tax Bonds, Refunding 2025 Series A
Date of Issuance: March __, 2025

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 6.01(a) of the First Supplemental Indenture of Trust, dated as of March 1, 2025, as supplemented and amended, between the Issuer and U.S. Bank Trust Company, National Association, as trustee. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
dissemination agent

cc: San Mateo County Transit District

**AMENDED AND RESTATED
SAN MATEO COUNTY TRANSIT DISTRICT DEBT POLICY**

TABLE OF CONTENTS

I.	PURPOSE.....	1
II.	SCOPE OF DEBT POLICY	1
III.	LEGAL AUTHORITY; COMPLIANCE WITH LAWS, RESOLUTIONS, DEBT DOCUMENTS AND CONTRACTS.....	1
	A) Legal Authority.....	1
	B) Compliance with Law	2
	C) Compliance with Issuer Resolutions and Debt Documents	2
	D) Compliance with Other Agreements.....	2
	E) Compliance with SB 1029	2
IV.	ADMINISTRATION OF DEBT POLICY.....	3
	A) Issuer	3
	B) Chief Financial Officer	3
	C) Procedures for Approval of Debt.....	4
	D) Considerations in Approving Issuance of Debt	4
V.	PURPOSES FOR DEBT.....	5
	A) New Money Debt.....	5
	B) Refunding Debt.....	5
VI.	TYPES OF DEBT, DURATION OF DEBT, TAX-EXEMPT DEBT AND TAXABLE DEBT	6
	A) Long-Term Debt	6
	B) Short-Term Debt	6
	C) Sales Tax Revenue Debt	6
	D) Other Revenue Debt.....	6
	E) Other Federally Supported Programs.....	6
	F) Fixed-Rate Debt	7
	G) Variable Rate Debt.....	7
	H) Tax-Exempt Debt and Taxable Debt	7
VII.	TERMS AND PROVISIONS OF DEBT	7
	A) Debt Service Structure	7
	B) Amortization of Principal	7
	C) Capitalized Interest	8
	D) Call Provisions for Debt.....	8
	E) Payment of Interest	8
	F) Determination of Variable Interest Rates on Debt.....	8
	G) Tender Options on Debt.....	8
	H) Multi-Modal Debt	9
	I) Debt Service Reserve Funds	9
	J) Lien Pledges.....	9
VIII.	MAINTENANCE OF LIQUIDITY; RESERVES	9
IX.	INVESTMENT OF DEBT PROCEEDS AND RELATED MONEYS	10
X.	THIRD PARTY CREDIT ENHANCEMENT	10

A)	Bond Insurance	10
B)	Credit Facilities	10
XI.	USE OF DERIVATIVES	11
XII.	METHODS OF SALE AND PRICING OF DEBT	11
A)	Competitive Sale	11
B)	Negotiated Sale	12
C)	Limited Private Placement	12
D)	Direct Purchase or Direct Loan	12
XIII.	DEBT REDEMPTION PROGRAMS	13
XIV.	PROFESSIONAL SERVICES	13
A)	Municipal Advisors	14
B)	Bond Counsel, Disclosure Counsel and Other Legal Counsel	14
C)	Other Issuer Consultants	14
D)	Trustees and Fiscal Agents	15
E)	Underwriters/Remarketing Agents/Broker-Dealers	15
F)	Feasibility Consultants	15
G)	Arbitrage Rebate Services Providers	15
H)	Other Professional Services	16
XV.	BUDGETING AND CAPITAL PLANNING	16
XVI.	CREDIT RATING OBJECTIVES	16
XVII.	DEBT AFFORDABILITY	16
XVIII.	RELATIONSHIPS WITH MARKET PARTICIPANTS	16
XIX.	PERIODIC REVIEW	17

**AMENDED AND RESTATED
SAN MATEO COUNTY TRANSIT DISTRICT
DEBT POLICY**

Dated as of [February 5], 2025

I. Purpose

The purpose of this Debt Policy (the "Debt Policy") is to establish comprehensive guidelines for the issuance and management of debt (herein referred as "Debt") issued or incurred by the San Mateo County Transit District (the "Issuer"). This Debt Policy is intended to help ensure that: (i) the Issuer, the governing body of the Issuer (the "Board of Directors" or the "Board"), and Issuer management and staff adhere to sound debt issuance and management practices; (ii) the Issuer achieves the most advantageous cost of capital within prudent risk parameters; (iii) the Issuer preserves future financial flexibility; and (iii) the Issuer preserves and enhances the credit ratings assigned to its debt.

II. Scope of Debt Policy

This Debt Policy shall provide guidance for the issuance and management of bonds and other forms of indebtedness of the Issuer, together with any credit, liquidity and other ancillary instruments and agreements secured or executed in connection with such transactions. While adherence to this Debt Policy is recommended in applicable circumstances, the Issuer recognizes that changes in the capital markets, Issuer programs and other unforeseen circumstances may produce situations that are not covered by the Debt Policy or require modifications or exceptions to achieve Debt Policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained. The Issuer may approve Debt and other related agreements the terms or provisions of which deviate from this Debt Policy, upon the recommendation and approval of the Chief Financial Officer of the Issuer (the "Chief Financial Officer") as circumstances warrant. The failure by the Issuer to comply with any provision of this Debt Policy shall not affect the validity of any Debt that is otherwise duly authorized and executed.

The Chief Financial Officer is the designated administrator of the Debt Policy. The Chief Financial Officer shall have the day-to-day responsibility and authority for structuring, implementing and managing the Issuer's debt and financing program. The Debt Policy requires that each debt issuance be specifically authorized by the Board of Directors.

III. Legal Authority; Compliance with Laws, Resolutions, Debt Documents and Contracts

A) Legal Authority

The Issuer has exclusive authority to plan and issue Debt for Issuer related purposes, subject to approval by the Board of Directors.

B) Compliance with Law

All Debt of the Issuer shall be issued in accordance with applicable Federal and State of California ("State") laws, rules and regulations, including without limitation the Internal Revenue Code of 1986 (the "Code") with respect to the issuance of tax-exempt Debt, the Securities Act of 1933 and the Securities Exchange Act of 1934, in each case as supplemented and amended, and regulations promulgated pursuant to such laws.

C) Compliance with Issuer Resolutions and Debt Documents

Debt of the Issuer shall be issued in accordance with applicable resolutions and debt documents of the Issuer, in each case as supplemented and amended.

D) Compliance with Other Agreements

Debt of the Issuer shall be issued in compliance with all other applicable agreements entered into by the Issuer with credit or liquidity providers, bond insurers or other third parties.

E) Compliance with SB 1029

This Debt Policy complies with California Senate Bill 1029 (2016). The following paragraph cross-references the debt policy requirements of SB 1029 with the relevant sections of this Debt Policy.

- 1) Cal. Gov. Code Section 8855(i)(1)(A): The purposes for which the debt may be used. See Section V: Purposes for Debt.
- 2) Cal. Gov. Code Section 8855(i)(1)(B): The types of debt that may be issued. See Section VI: Types of Debt, Duration of Debt, Tax-Exempt Debt and Taxable Debt.
- 3) Cal. Gov. Code Section 8855(i)(1)(C): The relationship of the debt to, and integration with, the issuer's capital improvement program or budget. See Section XV: Budgeting and Capital Planning.
- 4) Cal. Gov. Code Section 8855(i)(1)(D): Policy goals related to the issuer's planning goals and objectives. See Section I: Purpose.
- 5) Cal. Gov. Code Section 8855(i)(1)(E): The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the

proposed debt issuance will be directed to the intended use. See Section IV: Administration of Debt Policy.

IV. Administration of Debt Policy

A) Issuer

The Issuer shall be responsible for:

- 1) Approval of the issuance of all Debt and the terms and provisions thereof;
- 2) Appointment of municipal advisors (each, a "Municipal Advisor"), bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants, trustee and other professionals retained in connection with the issuance of Debt;
- 3) Approval of this Debt Policy and any supplements or amendments;
- 4) Periodic approval of the Issuer's expenditure plans;
- 5) Periodic approval of proposed Issuer annual and supplemental budgets for submission to the Board of Directors, including without limitation provisions for the timely payment of principal of and interest on all Debt; and
- 6) Maintaining internal control procedures with respect to Debt proceeds. It is expected that Debt proceeds will be held either by a third-party trustee or fiscal agent, which will disburse such proceeds to the Issuer upon the submission of one or more written requisitions, or by the Issuer, to be held and accounted for in a separate fund or account, the expenditure of which will be documented in the financial records of the Issuer.

B) Chief Financial Officer

The Chief Financial Officer shall have the responsibility and authority to determine the structure, issuance and management of the Issuer's Debt and financing programs. Responsibilities shall include, but not be limited to, the following:

- 1) Determining the appropriate structure, and terms for all proposed debt transactions;
- 2) Undertaking to issue Debt at the most advantageous interest and other costs consistent with prudent levels of risk;
- 3) Ensuring compliance of any proposed Debt with any applicable additional debt limitations under State law and the Issuer's Debt Policy, resolutions and debt documents;

- 4) Seeking approval from the Board of Directors for the issuance of Debt or other debt obligations;
- 5) Coordinating with other public agencies in connection with any necessary approvals associated with Debt issuance;
- 6) Recommending to the Board of Directors the manner of sale of any Debt or other debt transactions;
- 7) Providing a recommendation to the Board of Directors as to whether Debt should be issued on a tax-exempt or taxable basis;
- 8) Monitoring opportunities to refund outstanding Debt to achieve debt service savings, and recommending such refunding to the Board, as appropriate;
- 9) Providing for and participating in the preparation and review of all legal and disclosure documents in connection with the issuance of any Debt by the Issuer;
- 10) Recommending the appointment of municipal advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants and other professionals retained in connection with the Issuer's debt issuance as necessary or appropriate;
- 11) Distributing information regarding the business operations and financial condition of the Issuer to appropriate bodies on a timely basis in compliance with any applicable continuing disclosure requirements;
- 12) Communicating regularly with the rating agencies, bond insurers, investment providers, institutional investors and other market participants related to the Issuer's Debt; and
- 13) Maintaining a database with summary information identifying all of the Issuer's outstanding Debt and other debt obligations.

C) Procedures for Approval of Debt

Any proposed issuance of Debt by the Issuer shall be submitted to and subject to authorization and approval by the Board of Directors.

D) Considerations in Approving Issuance of Debt

Factors which the Issuer may take into consideration, prior to approving the proposed issuance of Debt include, but are not limited to, any or all of the following factors, as appropriate:

- 1) Whether the proposed issuance complies with this Debt Policy;

- 2) Source(s) of payment and security for the Debt;
- 3) Projected revenues and other benefits from the projects proposed to be funded;
- 4) Projecting operating, other costs and potential revenues with respect to the proposed projects;
- 5) Impacts, if any, on Issuer and Debt credit ratings;
- 6) Period, if any, over which interest on the Debt should be capitalized;
- 7) Extent to which debt service on the Debt should be level or non-level;
- 8) Appropriate lien priority of the Debt;
- 9) Adequacy of the proposed disclosure document.

V. Purposes for Debt

The Issuer may issue Debt for the purposes of financing and refinancing the costs of capital projects undertaken by the Issuer. The Issuer may also issue Debt to pay extraordinary unfunded costs, including, but not limited to, termination or other similar payments due in connection with interest rate swaps (if any) and investment agreements entered into in connection with Debt. Proceeds of Debt may be applied to pay costs of issuance, to fund capitalized interest and debt service reserves and to pay costs incurred in connection with securing credit enhancement, including, but not limited to, premiums payable for bond insurance and reserve fund sureties.

Absent extraordinary circumstances affecting its overall liquidity, the Issuer generally shall not issue Debt for the purpose of funding operating costs.

A) New Money Debt

New money Debt is expected to be issued to provide funding for capital projects. Absent extraordinary circumstances, new money proceeds are not expected to be used to fund non-capital operational activities.

B) Refunding Debt

The Issuer may issue Debt to refund the principal of and interest on outstanding Debt of the Issuer in order to (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) convert from or to tax-exempt Debt or taxable Debt; (v) change or modify the source or sources of payment and security for the refunded Debt; or (v) modify covenants otherwise binding upon the Issuer. Refunding Debt may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. The Issuer may also

utilize a tender offer process to refund Debt that is not otherwise subject to optional call by the Issuer.

Refunding Debt should be issued to achieve debt service savings in most cases. Refundings which do not produce savings are permitted if justified based on the need for restructuring to remove covenants/pledges that are restrictive and/or no longer required by the market and/or to make other changes in debt documents or existing debt structure that would benefit the current, short-term, or long term capital cost of the Issuer.

VI. Types of Debt, Duration of Debt, Tax-Exempt Debt and Taxable Debt

A) Long-Term Debt

The Issuer may issue Debt with longer-term maturities to amortize Issuer capital or other costs over a period commensurate with the expected life, use or benefit provided by the project, program or facilities financed from such Debt. Long-term Debt will generally have a final maturity of five (5) years or more. Long-term debt is appropriate for financing essential capital projects and certain capital equipment where the project being financed will provide benefit over multiple years and the Issuer considers the project to be of vital, time-sensitive need and where the issuance of Debt optimizes the Issuer's overall financial resources.

B) Short-Term Debt

The Issuer may issue Debt with shorter-term maturities to provide interim funding for capital projects and expenditures that will ultimately be funded from another source such as a grant, a long-term Debt issue, or the receipt of Federal or State grants, other revenues, and/or for cash flow management. Short-term Debt shall consist of Debt of an issue with a final maturity of less than five (5) years and may include, but is not limited to, Debt in the form of Tax and Revenue Anticipation Notes, Bond Anticipation Notes, Grant Anticipation Notes, and/or Commercial Paper.

C) Sales Tax Revenue Debt

The Issuer may issue Debt payable in whole or in part from sales tax revenues to the extent authorized in accordance with applicable provisions of State law. It is expected that sales tax revenue debt will represent the principal form of Debt of the Issuer.

D) Other Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from other types of revenues.

E) Other Federally Supported Programs

The Issuer may also participate in federal loans administered or provided by the United States Department of Transportation, including, but not limited to, loans provided under the Transportation Infrastructure Finance and Innovation Act (TIFIA), as well as federally subsidized taxable and tax-exempt bond programs, and may secure credit enhancement and/or credit support provided under Federal programs, provided such loans, bonds or programs provide an attractive funding cost or other desirable features such as, but not limited to, deep subordination of the repayment obligation, an unusually long repayment term, or no payment due until a certain period after substantial project completion.

F) Fixed-Rate Debt

The Issuer may issue Debt that bears interest at a fixed interest rate or fixed interest rates.

G) Variable Rate Debt

The Issuer may also issue Debt that bears a variable rate of interest, including, but not limited to, variable rate demand obligations, commercial paper and floating rate notes.

H) Tax-Exempt Debt and Taxable Debt

The Issuer may issue tax-exempt Debt and taxable Debt.

VII. Terms and Provisions of Debt

A) Debt Service Structure

The Issuer shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility and, as practical, to recapture or maximize its debt capacity for future use. Annual debt service payments will generally be structured on a level basis; however, principal amortization may occur more quickly or slowly where permissible, to mirror debt repayment streams and/or provide future financing flexibility.

B) Amortization of Principal

Long-term Debt of the Issuer shall be issued with maturities that amortize the principal of such Debt over a period commensurate with the expected life, use or benefit (measured in years) provided by the projects, programs and/or facilities financed from the proceeds of such Debt. The weighted average maturity of such Debt (if issued as tax-exempt Debt) should not exceed one hundred and twenty percent (120%) of the reasonably estimated weighted average life, use or benefit (measured in years) of the projects, programs and/or facilities financed from the proceeds of such Debt.

Amortization of principal may be achieved either through serial maturities and/or through term Debt subject to mandatory sinking fund payments and/or optional redemptions.

C) Capitalized Interest

The Issuer may fund interest on Debt from proceeds of Debt for legal, budgeting or structuring purposes.

D) Call Provisions for Debt

- 1) **Optional Call Provisions.** The Issuer shall seek to include the shortest practicable optional call rights, with and/or without a call premium, consistent with optimal pricing of such Debt. Call premiums, if any, should not be in excess of then prevailing market standards and to the extent consistent with the most advantageous borrowing cost for the Issuer. Non-callable maturities may be considered and used to accommodate market requirements or other advantageous benefits to the Issuer.
- 2) **Extraordinary Call Provisions.** The Issuer, at its option, may include extraordinary call provisions, including, but not limited to, call provisions relating to unspent proceeds, damage to or destruction of the project or facilities financed, or other matters, as the Issuer may determine is necessary or desirable.

E) Payment of Interest

- 1) **Current Interest Debt** may be issued. It is anticipated that the interest on most, if not all, Debt issued will be paid on a current interest basis.
- 2) **Deferred Interest Debt** may also be issued. Debt of the Issuer may be issued with the payment of actual or effective interest deferred in whole or in part to the maturity or redemption date of each debt instrument, or the conversion of such debt instrument to a current interest-paying debt instrument (known, respectively, as capital appreciation bonds, zero coupon bonds and convertible capital appreciation bonds). Deferred Interest Debt may be issued to achieve optimal sizing, debt service structuring, pricing or other purposes.

F) Determination of Variable Interest Rates on Debt

The interest rate from time to time on Debt the interest of which is not fixed to maturity may be determined in such manner that the Issuer determines, including without limitation, on a daily, weekly, monthly or other periodic basis, by reference to an index, prevailing market rates or other measures, and by or through an auction or other method.

G) Tender Options on Debt

The Issuer may issue Debt subject to the right or obligation of the holder to tender the Debt back to the Issuer for purchase, including, but not limited to, tender to enable the holder to liquidate their position or tender upon the occurrence of specified credit events, interest rate mode changes or tender upon other circumstances. The obligation of the Issuer to make payments to the holder upon any such tender may be secured by (i) a credit or liquidity facility from a financial institution in an amount at least equal to the principal amount of the Debt subject to tender, (ii) a liquidity or similar account into which the Issuer shall deposit and maintain an amount at least equal to the principal amount of the Debt subject to tender, or (iii) other means of self-liquidity that the Issuer deems prudent.

H) Multi-Modal Debt

The Issuer may issue Debt that may be converted between two or more interest rate modes without the necessity of a refunding. Such interest rate modes may include, without limitation: daily interest rates, weekly interest rates, other periodically variable interest rates, commercial paper rates, auction rates, fixed rates for a term and fixed rates to maturity (in each case with or without tender options).

I) Debt Service Reserve Funds

The Issuer may issue Debt that is secured by amounts on deposit in or credited to a debt service reserve fund or account in order to minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more issues of Debt, and may be funded by proceeds of Debt, other available moneys of the Issuer, and/or by surety policies, letters or lines of credit or other similar instruments. Surety policies, letters or lines of credit or other similar instruments may be substituted for amounts on deposit in a debt service reserve fund if such amounts are needed for capital projects or other purposes.

Amounts in the debt service reserve funds shall be invested in accordance with the requirements of the applicable Debt documents in order to (i) maximize the rate of return on such amounts; (ii) minimize the risk of loss; (iii) minimize volatility in the value of such investments; and (iv) maximize liquidity so that such amounts will be available if it is necessary to draw upon them.

J) Lien Pledges

The Issuer may create senior and junior lien pledges, as well as pledges at various lien priority levels, for each fund source which secures Debt repayment in order to optimize financing capacity.

VIII. Maintenance of Liquidity; Reserves

The Issuer may maintain unencumbered reserves in amounts sufficient in the determination of the Issuer to cover unexpected revenue losses, extraordinary payments

and other contingencies, and to provide liquidity in connection with the Issuer's outstanding Debt.

IX. Investment of Debt Proceeds and Related Moneys

Proceeds of Debt and amounts in the Issuer's debt service, project fund and debt service reserve funds with respect to outstanding Debt shall be invested in accordance with the terms of the applicable Debt documents and other applicable agreements of the Issuer.

X. Third Party Credit Enhancement

The Issuer may secure credit enhancement for its Debt from third-party credit providers to the extent such credit enhancement is available upon reasonable, competitive and cost-effective terms. Such credit enhancement may include municipal bond insurance ("Bond Insurance"), letters of credit and lines of credit (each a "Credit Facility," and, collectively, the "Credit Facilities"), as well as other similar instruments.

A) Bond Insurance

All or any portion of an issue of Debt may be secured by Bond Insurance provided by municipal bond insurers ("Bond Insurers") if it is economically advantageous to do so, or if it is otherwise deemed necessary or desirable in connection with a particular issue of Debt. The relative cost or benefit of Bond Insurance may be determined by comparing the amount of the Bond Insurance premium to the present value of the estimated interest savings to be derived as a result of the insurance.

B) Credit Facilities

The issuance of certain types of Debt may require a Credit Facility from a commercial bank or other qualified financial institution to provide liquidity and/or credit support. The types of Debt where a Credit Facility may be necessary include commercial paper, variable rate Debt with a tender option and Debt requiring an investment grade credit rating to be marketed that could not receive an investment grade credit rating in the absence of such a Credit Facility.

Criteria for selection of a Credit Facility provider shall include the following:

- 1) Long-term ratings from at least two nationally recognized credit rating agencies ("Rating Agencies"), Credit Facility provider preferably assigned a rating equal to or better than those of the Issuer;
- 2) Short-term ratings from at least two Rating Agencies of at least P-1/A-1 or equivalent;
- 3) Experience providing a Credit Facility of the type required by the Issuer to state and local government issuers;

- 4) Fees, including without limitation, initial and ongoing costs of the Credit Facility, draw, transfer and related fees, counsel fees, and termination fees;
- 5) Any trading differential; and
- 6) Willingness to agree to the terms and conditions proposed or required by the Issuer.

XI. Use of Derivatives

Derivative products include but are not limited to interest rate swaps, interest rates caps and collars and forward or other hedging agreements. Derivative products will be considered in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or, alternatively, where it will reduce total debt service cost in a manner that exceed the risks. Derivative products will only be utilized following the adoption of derivative product policy and with prior Board approval. In addition, an analysis of early termination costs and other conditional terms shall be completed by the Issuer's Municipal Advisor prior to the approval of any derivative product by the Board. Such analysis shall include a discussion of the risks and benefits associated with the use of the particular derivative product.

XII. Methods of Sale and Pricing of Debt

There are three principal methods for the sale of Debt: (i) competitive; (ii) negotiated and (iii) private placement, which may be structured as a limited private placement or a direct loan. The Issuer shall utilize the method of sale that (a) is reasonably expected to produce the most advantageous interest cost with respect to the Debt and (b) provides the Issuer with the flexibility most desirable in connection with the structuring, timing or terms of such Debt. The Issuer shall utilize such method that is likely to provide the most advantageous borrowing costs and execution on behalf of the Issuer.

Debt may be sold at such prices, including at par, a premium or a discount, as the Issuer, in consultation with its Municipal Advisor, may determine is likely to produce the most advantageous interest cost under then prevailing market conditions, subject to compliance with applicable State law and Federal securities laws.

A) Competitive Sale

The competitive method of sale is appropriate when:

- 1) Bond prices are stable and/or there is strong demand for the bonds;
- 2) Market timing and interest rate sensitivity are not critical to the pricing;

- 3) The project, funding, and credit quality are easy to understand and market to potential investors;
- 4) The Debt type and structure are conventional and the transaction size is manageable.

B) Negotiated Sale

A negotiated sale is appropriate when:

- 1) There is market volatility and/or weak demand and high supply of competing financings;
- 2) The Debt is being issued to refund existing Debt;
- 3) The Debt structure is complex;
- 4) Issuer has lower or weakening credit rating and/or is not well known to investors;
- 5) The Debt has non-standard structural features, such as a forward delivery, issuance of variable rate bonds, use of derivative products, or includes a specific structuring feature that benefits from a negotiated sale;
- 6) Early structuring and market participation by underwriters are desired and/or there is strong projected retail demand for the Debt;
- 7) The Debt size is significantly larger and would limit competition or is of a size (large or small) that will not be attractive to bidders.

For a negotiated sale, the Issuer, with the assistance of its Municipal Advisor, will conduct a competitive underwriter selection process. Such a competitive underwriter selection process may be conducted for either a specific Debt issue or may be conducted to establish an underwriter pool from which the Issuer may select underwriters over a defined period of time.

C) Limited Private Placement

A private placement involves one investor or a small group of investors, who are typically qualified institutional buyers, in a non-public offering conducted by an underwriting firm serving as placement agent. If a limited private placement is considered as the optimal sale method for the Issuer, the Municipal Advisor will conduct a competitive selection process from which the Issuer may select the placement agent. Disclosure is more limited in a limited private placement, which is not a public offering, than in a public offering.

D) Direct Purchase or Direct Loan

A direct purchase or direct loan puts the Issuer in a bilateral borrower-lender relationship with one bank (or a syndicate of banks). Examples include, but are not limited to, a direct purchase agreement or revolving credit facility, the purchase of long-dated forward settlement bonds and bonds that convert from taxable interest to tax-exempt interest. A direct purchase or direct loan may be advisable if the Issuer is unable to access the municipal capital markets or the transaction involves a non-traditional structure (such as a long-dated forward settlement or an interest rate that will convert from taxable to tax-exempt). A direct purchase or a direct loan does not involve a public offering. Customarily, the lender selected requests the financial and operating information needed to make its credit decision from the Issuer and no disclosure document is required.

If a direct purchase or direct loan is contemplated, the Municipal Advisor either (i) will have previously conducted a competitive selection process for a negotiated sale of Debt and received a response that included a proposal for a municipal transaction to be executed through direct purchase or direct loan, or (ii) at the direction of the Chief Financial Officer, will conduct, or cause to be conducted, a competitive process to select a direct purchase bank.

Selection criteria for a competitive process will include:

- 1) A term sheet to be provided along with the request for qualifications, with any requested modifications, to be highlighted by the bank responding to the request for qualifications and to be taken into consideration in the evaluation process;
- 2) A representative list of clients for whom the bank responding to the request for qualifications has provided similar agreements; and
- 3) Evaluation of fees, specifically, cost of the agreement to be entered into by the Issuer, including index, spread, and other administrative charges, such evaluation of fees, terms and conditions to be compared to other alternative financing methods.

XIII. Debt Redemption Programs

The Issuer may establish from time-to-time a plan or program for the payment and/or redemption of outstanding Debt and/or interest thereon from revenues and/or other available funds pursuant to a recommendation from the Chief Financial Officer. Such plan or program may be for the purposes of reducing outstanding Debt, managing the amount of debt service payable in any year, or other suitable purposes, as determined by the Issuer.

XIV. Professional Services

The Issuer may retain professional services providers as necessary or desirable in connection with: (i) the structuring, issuance and sale of its Debt; (ii) monitoring of and

advice regarding its outstanding Debt; and (iii) the negotiation, execution and monitoring of related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives and investment agreements; and (iv) other similar or related matters. Professional service providers may include Municipal Advisors, bond counsel, disclosure counsel, Issuer consultants, bond trustees and Federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remarketing agents, auction agents, broker-dealers, escrow agents, verification agents and other similar parties.

The Issuer shall require that its Municipal Advisors, bond and disclosure counsel and other Issuer consultants be free of any conflicts of interest, or that any necessary or appropriate waivers or consents are obtained.

A) Municipal Advisors

The Issuer may utilize one or more Municipal Advisors to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives, direct purchase agreements, investment agreements and other similar matters. Municipal Advisors must be registered with the Municipal Securities Rulemaking Board and as a Municipal Advisor as such term is defined in the Securities Exchange Act of 1934 and shall be required to disclose any conflicts of interest.

B) Bond Counsel, Disclosure Counsel and Other Legal Counsel

- 1) Bond Counsel. The Issuer may utilize one or more bond counsel firms to provide ongoing legal advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Credit Facilities, Derivatives, direct purchase agreements, investment agreements and other similar matters. All Debt issued by the Issuer shall require a written opinion from the Issuer's bond counsel, as appropriate, regarding (i) the validity and binding effect of the Debt, and (ii) to the extent applicable, the exemption of interest from Federal and State income taxes.
- 2) Disclosure Counsel. The Issuer may utilize a disclosure counsel firm to provide ongoing legal advisory services with respect to initial and continuing disclosure in connection with the Issuer's outstanding and proposed Debt. Such firm may be one of the Issuer's bond counsel firms.
- 3) Other Legal Counsel. The Issuer may encourage or require, as appropriate, the retention and use of legal counsel by other parties involved in the issuance of Debt and the execution of related agreements which are approved by the Issuer.

C) Other Issuer Consultants

The Issuer may utilize one or more other Issuer consultants to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt, Issuer fares, strategic business and financial decisions and such other matters as the Issuer requires.

D) Trustees and Fiscal Agents

The Issuer may engage bond trustees and/or fiscal agents, paying agents and tender agents, as necessary or appropriate, in connection with the issuance of its Debt.

E) Underwriters/Remarketing Agents/Broker-Dealers

The Issuer may engage an underwriter or a team of underwriters, including a senior managing underwriter, in connection with the negotiated sale of its Debt. The Issuer also may engage one or more underwriters, as necessary or appropriate, to serve as remarketing agents, broker-dealers or in other similar capacities with respect to variable rate, auction, tender option, commercial paper and other similar types of Debt issued by the Issuer.

F) Feasibility Consultants

The Issuer may retain feasibility consultants in connection with proposed project, programs, facilities or activities to be financed in whole or in part from proceeds of Debt. The criteria for the selection of such feasibility consultants, in addition to those set forth above, shall include their expertise and experience with projects, programs, facilities or activities similar to those proposed to be undertaken by the Issuer.

G) Arbitrage Rebate Services Providers

Because of the complexity of the Federal arbitrage rebate statutes and regulations, and the severity of potential penalties for non-compliance, the Issuer may retain an arbitrage rebate services provider in connection with its outstanding and proposed Debt, and may also solicit related legal and tax advice from its bond counsel or separate tax counsel. The responsibilities of the arbitrage rebate services provider shall include: (i) the periodic calculation of any accrued arbitrage rebate liability and of any rebate payments due under and in accordance with the Code and the related rebate regulations; (ii) advice regarding strategies for minimizing arbitrage rebate liability; (iii) the preparation and filing of periodic forms and information required to be submitted to the Internal Revenue Service; (iv) the preparation and filing of requests for reimbursement of any prior overpayments; and (v) other related matters as requested by the Issuer.

The Issuer shall maintain necessary and appropriate records regarding (i) the expenditure of proceeds of Debt, including the individual projects and facilities financed and the amounts expended thereon, and (ii) investment earnings on such

Debt proceeds. The Issuer shall maintain such records for such period of time as shall be required by the Code.

H) Other Professional Services

The Issuer may retain such other professional services providers, including without limitation verification agents, escrow agents, auction agents, and calculation agent, as may be necessary or appropriate in connection with its Debt.

XV. Budgeting and Capital Planning

The Issuer's budgeting process, including its budgeting process for capital expenditures, shall provide a framework for evaluating proposed Debt issuances.

XVI. Credit Rating Objectives

The Issuer shall seek to preserve and enhance the credit ratings with respect to its outstanding Debt to the extent consistent with the Issuer's current and anticipated business operations and financial condition, strategic plans and goals and other objectives, and in accordance with any developed credit strategies.

XVII. Debt Affordability

Consistent with its credit rating objectives, the Issuer shall periodically review its debt affordability levels and capacity for the undertaking of new financing obligations to fund its expenditure plans. Debt affordability measures shall be based upon the credit objectives of the Issuer, criteria identified by rating agencies, comparison of industry peers and other internal factors of the Issuer.

XVIII. Relationships with Market Participants

The Issuer shall seek to preserve and enhance its relationships with the various participants in the municipal bond market, including without limitation, the Rating Agencies, Bond Insurers, credit/liquidity providers and current and prospective investors, including through periodic communication with such participants.

The Issuer shall prepare or cause to be prepared appropriate disclosures as required by the Securities and Exchange Commission Rule 15c2-12, the federal government, the State of California, rating agencies and other persons or entities entitled to disclosure to ensure compliance with applicable laws and regulations and agreements to provide ongoing disclosure.

XIX. Periodic Review

The Chief Financial Officer shall review this Debt Policy on a periodic basis and recommend the Board consider amendments as needed to comply with changes in law or as market conditions merit.

SAN MATEO COUNTY TRANSIT DISTRICT

AMENDED AND RESTATED STATEMENT OF CONTINUING DISCLOSURE

POLICY

Date of Adoption: February __, 2025

This Amended and Restated Statement of Continuing Disclosure Policy (as amended and supplemented hereafter, this “Disclosure Policy”) replaces in its entirety the policy previously adopted by the San Mateo Transit District (the “District”) pursuant to Resolution No. 2015-02 (the “Prior Policy”) and is promulgated to establish a framework for compliance by the District with its disclosure and/or contractual obligations with respect to the securities it issues or that are issued on its behalf, pursuant to the requirements of the Securities Exchange Act of 1934, as amended (the “1934 Act”), and the Securities Act of 1933, as amended, including, in particular, Rule 15c2-12, as amended (“SEC Rule 15c2-12”), promulgated under the 1934 Act, and other applicable rules, regulations, and orders.

Section 1. **Definitions.** The following capitalized terms shall have the following meanings:

1.1. **Annual Filing** means the financial information and operating data to be filed with the MSRB through EMMA on an annual basis pursuant to one or more Disclosure Agreements.

1.2. **CEO** means the individual who functions as the General Manager/CEO of the District of the District, whose title as of the date of adoption of this Disclosure Policy is Executive Director.

1.3. **Chief Financial Officer** means the individual who functions as chief financial officer of the District, whose title as of the date of adoption of this Disclosure Policy is Chief Financial Officer.

1.4. **Continuing Disclosure Documents** means financial and operating data and Event Notices filed with the MSRB through EMMA pursuant to one or more Disclosure Agreements.

1.5. **Disclosure Agreement** means an agreement or other undertaking of the District to provide financial and operating data periodically, and timely notices of certain events, to the MSRB, whether expressly or acting in its capacity as the only nationally recognized municipal securities information repository under SEC Rule 15c2-12.

1.6. **Disclosure Counsel** means counsel engaged from time to time by the District to prepare Offering Documents, which as of the date of adoption of this Disclosure Policy is Nixon Peabody LLP.

1.7. **Disclosure Documents** means Offering Documents, Continuing Disclosure Documents, and Voluntary EMMA Filings.

1.8. **Disclosure Officer** means the Chief Financial Officer, Director-Treasury, or such other person, having knowledge of the type that a potential investor would want to know, as shall be designated in writing to serve as Disclosure Officer under this Disclosure Policy by the Chief Financial Officer.

1.9. **Disclosure Working Group** means management and staff of the District charged with exercising the responsibilities described in Section 5 hereof in connection with preparing or checking Offering Documents or Annual Filings, as applicable, or, at the request of the Chief Financial Officer, Event Notices and/or Voluntary EMMA Filings, which Disclosure Working Group will be designated by the Chief Financial Officer as needed.

1.10. **EMMA** means the Electronic Municipal Market Access System maintained by the MSRB.

1.11. **Event Notice** means a notice of the occurrence of an event identified in a Disclosure Agreement as an event of the type requiring a notice to be filed with the MSRB through EMMA.

1.12. **Governing Body** means the governing body of the District.

1.13. **District Financial Advisor** means the firm or firms engaged by the District from time to time to serve as its financial advisor(s), which as of the date of adoption of this Disclosure Policy is Ross Financial.

1.14. **District Bond Counsel** means the firm serving as bond counsel to the District, which as of the date of adoption of this Disclosure Policy is Nixon Peabody LLP.

1.15. **District Debt Obligations** means bonds, notes, commercial paper, certificates of participation, and other debt obligations or securities of the District, or the payment of which the District is obligated to support by a lease, contract, or other arrangement, that are sold to, or otherwise held or traded in, by the public.

1.16. **District General Counsel** means the firm serving as general counsel to the District, which as of the date of adoption of this Disclosure Policy is Hanson Bridgett LLP.

1.17. **Material**, when used with respect to a fact included in a Disclosure Document means, generally, that a reasonable investor likely would attach significance to it in making a decision to buy, hold, or sell District Debt Obligations.

1.18. **MSRB** means the Municipal Securities Rulemaking Board.

1.19. **Offering Documents** means preliminary and final official statements and other documents, including, but not limited to, remarketing memoranda and placement

memoranda, by which District Debt Obligations are offered to the public by the District as well as solicitation statements by which the District requests consents or waivers regarding District Debt Obligations or the District offers to purchase District Debt Obligations.

1.20. **SEC** means the Securities and Exchange Commission or any successor agency thereto.

1.21. **Voluntary EMMA Filing** means a filing (other than an Annual Filing or an Event Notice) by the District with the MSRB through EMMA.

Section 2. **Background.**

2.1. **Investor Reliance.** The District has issued and expects to continue to issue District Debt Obligations in the public debt markets and, in connection therewith, to approve and authorize the distribution and/or execution of Offering Documents and to enter into Continuing Disclosure Documents to update financial and operating information contained in the Offering Documents at least annually and to file timely notices of certain events with the MSRB through EMMA. The District acknowledges that investors in District Debt Obligations rely on such Offering Documents and Continuing Disclosure Documents in deciding whether to buy, hold, or sell District Debt Obligations.

2.2. **Federal Securities Laws.** Under the above-identified federal securities laws (the “Federal Securities Laws”), the District must exercise reasonable care to avoid material misstatements or omissions in preparing Offering Documents that are used to sell District Debt Obligations in primary offerings or that are used by the District in offers to purchase District Debt Obligations or in solicitations for consents, and the District may not knowingly or recklessly include material misstatements or misleading statements in other statements or communication that is intended (or reasonably can be expected) to be accessible to, and relied upon, by investors in District Debt Obligations while its District Debt Obligations are outstanding. Knowledge of any member of management or staff of the District as well as information in files of the District may be imputed to the District. Opinions of counsel provided in connection with Offering Documents or other Disclosure Documents may help to establish care, but any such opinion is no defense to an action against the District for failing to disclose or misstating a known material fact.

Section 3. **Purposes.** The purposes of this Disclosure Policy are to formally confirm and enhance existing policies and procedures regarding compliance with Federal Securities Laws relating to disclosure in order to: (a) facilitate compliance with applicable law and existing contracts when preparing and disseminating Disclosure Documents in connection with District Debt Obligations offerings and Continuing Disclosure Documents; (b) reduce exposure of the District, the members of its Governing Body and its management and staff to liability for damages and enforcement actions based on misstatements and omissions in Disclosure Documents; and (c) avoid damage to the District, including damage to the District's reputation, from misstatements or omissions in Disclosure Documents.

Section 4. **Policy.** It is the policy of the District to comply fully: (a) with applicable Federal Securities Laws and other applicable securities laws regarding disclosure in connection with the issuance of District Debt Obligations; and (b) with the terms of its Disclosure Agreements.

Section 5. **Procedures.** The procedures set forth below shall be implemented in preparing, checking, and disseminating Disclosure Documents.

5.1. **Offering Documents.**

5.1.1. **Assistance Relating to Offering Documents.** In connection with the preparing, checking and disseminating Offering Documents, the Disclosure Working Group shall be assisted by District General Counsel, District Bond Counsel and Disclosure Counsel, if any, and the District Financial Advisor (hereinafter in this Section 5.1 referred to as the "Finance Team").

5.1.2. **Establishing Scope and Process.** At the beginning of the disclosure process in connection with a primary offering of District Debt Obligations, the Disclosure Working Group, with input from the Finance Team and, in the case of a negotiated offering of District Debt Obligations, with input from the underwriters, will: (a) determine what information should be disclosed in the Offering Document to present fairly a description of the source of repayment and security for the District Debt Obligations being offered, including related financial and operating information (which may include a discussion of material risks related to investment in District Debt Obligations); (b) assign responsibilities within the District for assembling and verifying the information; and (c) establish a schedule for producing the information and drafts of the Offering Document that will afford sufficient time for final review by the Disclosure Working Group and the Disclosure Officer and the approvals required by this Disclosure Policy. In determining what information should be disclosed, the Disclosure Working Group should not assume that the information included in the most recent Offering Document represents a complete list of what is currently required because facts which are deemed important by investors may change over time as conditions evolve. In negotiated offerings, input should be sought from the underwriters who may be better informed as to what is deemed important by investors and may be better aware of what facts other issuers consider important and are disclosing.

5.1.3. **Assembling Current Information.** The Disclosure Officer shall: (a) identify members of management and staff of the District who are likely to know or be able to obtain and verify required information; (b) request that such management and staff assemble, verify, and forward such information and also notify the Disclosure Officer of any other fact that they believe to be important to investors; and (c) establish a reasonable but sufficient deadline for producing the information. The Disclosure Officer should produce (or cause to be produced) one or more drafts of the Offering Document based on the information that is received. The Disclosure Officer shall assure that staff devote sufficient time and care to produce timely and accurate information, when requested. The Disclosure Officer shall distribute or cause to be distributed drafts of the Offering Document to the Disclosure Working Group for review, together with a description of the

process used to compile drafts. The Disclosure Officer shall also distribute or cause to be distributed drafts of the Offering Document to the Finance Team (and to the underwriters in the case of a negotiated offering) for review.

5.1.4. Disclosure Working Group Review for Process, Accuracy, and Completeness.

The Disclosure Working Group shall review Offering Document drafts and the Disclosure Officer's process description to determine (and shall report to the Disclosure Officer as to) whether, based on information known or reported to them: (a) this Disclosure Policy was followed; (b) the material facts in the final draft of the Offering Document appear to be consistent with those known to the members of the Disclosure Working Group; and (c) the Offering Document omits any material fact that is necessary to be included to prevent the final Offering Document from being misleading to investors. The Disclosure Officer shall take such action as may be necessary, based on feedback from the Disclosure Working Group to enable the Disclosure Working Group to conclude that this Disclosure Policy was followed and that the final Offering Document is accurate and complete in all material respects. This Disclosure Policy contemplates that members of the Disclosure Working Group will check the final draft of each Offering Document for accuracy and completeness by comparing the final draft of such Offering Document to what they know or what has been reported to them and identifying possible inaccuracies or omissions of known material facts. Members of the Disclosure Working Group should also confirm, based on the process description provided by the Disclosure Officer, that proper procedures were used to prepare the final draft.

5.1.5. Final Approval. The Disclosure Working Group shall approve the final draft of each Offering Document. The approval of the Disclosure Working Group, together with the final draft of the Offering Document and the Disclosure Officer's description of the process used to prepare and check the Offering Document, shall be sent to the Chief Financial Officer. No Offering Document shall be distributed in final form until approved by the Chief Financial Officer.

5.1.6. Documentation of Procedures. In order to document compliance with the procedures set forth in this Disclosure Policy, the Disclosure Officer shall compile and retain a file of the actions taken to prepare, check, and approve each Offering Document, including the sources of the information included, the comments and actions of the Disclosure Working Group, the description of the process followed by the Disclosure Officer, and the approval of the Chief Financial Officer.

5.2. Annual Filings.

5.2.1. Assembling Current Information. The Disclosure Officer shall: (a) compile and maintain or cause to be filed and maintained (and update or cause to be updated after every issuance or defeasance of District Debt Obligations) a list of all financial information and operating data required to be filed with the MSRB through EMMA pursuant to each Disclosure Agreement; (b) assign responsibilities to management and staff for periodically assembling and verifying the data; (c) request that such management and staff assemble, verify, and forward the data to the Disclosure Officer and notify the Disclosure Officer if

they have learned of any other fact that they consider to be material with respect to the information provided; and (d) establish a schedule for producing the data and each Annual Filing document that will afford sufficient time for final review by the Disclosure Working Group and the Disclosure Officer and the approvals required by this Disclosure Policy. The Disclosure Officer shall distribute the final draft of each Annual Filing to the Disclosure Working Group for review together with a description of the process used to compile it.

5.2.2. Review for Process, Accuracy, and Completeness. The members of the Disclosure Working Group shall review the final draft of each Annual Filing and the Disclosure Officer's process description to determine (and shall report to the Disclosure Officer as to) whether, based on information known or reported to them: (a) this Disclosure Policy was followed; (b) the material facts in the final draft Annual Filing appear to be consistent with those known to the members of the Disclosure Working Group; and (c) the Annual Filing omits any material fact that is necessary to be included to prevent the Annual Filing from being misleading to investors. The Disclosure Officer shall take such action as may be necessary, based on feedback from the Disclosure Working Group, to enable the Disclosure Working Group to conclude that this Disclosure Policy was followed and that each Annual Filing is accurate and complete in all material respects.

5.2.3. Final Approval. The Disclosure Working Group shall approve the final draft of each Annual Filing. Its action, together with the final draft of the Annual Filing and the Disclosure Officer's report regarding the process used to prepare and check the Annual Filing, shall be sent to the Chief Financial Officer. No Annual Filing shall be released until approved by the Chief Financial Officer.

5.2.4. Posting. The Disclosure Officer shall file or cause to be filed each Annual Filing with the MSRB through EMMA by the deadline established by the applicable Disclosure Agreement. The Disclosure Officer shall exercise reasonable care to file each Annual Filing in the format and with the identifying information required by the applicable Disclosure Agreement, including applicable CUSIP numbers for District Debt Obligations.

5.2.5. Documentation of Procedures. The Disclosure Officer shall compile and retain or cause to be filed and retained a file of the actions taken to prepare, check, and approve each Annual Filing, including the sources of the information included, the comments and actions of the Disclosure Working Group, the Disclosure Officer's report regarding the process used to prepare and check such Annual Filing, and approval of the Chief Financial Officer.

5.3. Event Notices.

5.3.1. Identification of Reportable Events. The Disclosure Officer shall maintain a list of events identified in each Disclosure Agreement (as currently set forth in Appendix A hereto), the occurrence of which require the District to provide notice to the MSRB through EMMA.

5.3.2. Preparation of Event Notices. The Disclosure Officer shall: (a) with the assistance of District General Counsel and/or District Bond Counsel/Disclosure Counsel, assess the materiality of any reported event, and, if it is determined that an Event Notice will be given; (b) prepare or cause to be prepared an Event Notice; and (c) forward the draft Event Notice to the Chief Financial Officer for review.

5.3.3. Review and Approval of Event Notices. The Chief Financial Officer shall promptly review and approve or comment on each draft Event Notice. The Disclosure Officer shall incorporate such comments into the Event Notice to be filed with EMMA. The Disclosure Officer shall not file an Event Notice until it is approved by the Chief Financial Officer unless such approval of the Chief Financial Officer has not been received by the Disclosure Officer by the filing deadline specified in the applicable Disclosure Agreement.

5.3.4. Posting. The Disclosure Officer shall file or cause to be filed each Event Notice with the MSRB through EMMA by the deadline established by the applicable Disclosure Agreement. The Disclosure Officer shall exercise reasonable care to file each Event Notice in the format and with the identifying information required by the applicable Disclosure Agreement, including CUSIP numbers for the applicable District Debt Obligations. In the event that an Event Notice shall not be filed on a timely basis, the Disclosure Officer shall keep or cause to be kept a record of any late filing, which record shall be reviewed in connection with any future primary offerings to determine if such late filing should be disclosed in the Offering Documents prepared in connection with such future primary offerings.

5.3.5. Documentation of Procedures. The Disclosure Officer shall compile and retain or cause to be compiled and retained a file of the actions taken to report each event and prepare, check, and approve each Event Notice, including the approval of the Chief Financial Officer, if obtained.

5.4 Voluntary EMMA Filings. In the event that the Chief Financial Officer determines, upon consultation with the CEO, that a Voluntary Emma Filing should be filed with the MSRB through EMMA, the Chief Financial Officer shall direct the Disclosure Officer to prepare a notice for filing on EMMA, which notice shall be reviewed and approved by the Chief Financial Officer before filing. The Disclosure Officer shall exercise reasonable care to file each such filing in the format and with the identifying information required in connection with the filing of an Event Notice described in Section 5.3 above, including CUSIP numbers for the applicable District Debt Obligations.

Section 6. **Training.**

6.1. Personnel to be Trained. Each member of the Disclosure Working Group, the Disclosure Officer, the CEO, the Chief Financial Officer and each other member of management or staff identified as a source of data pursuant to this Disclosure Policy shall undergo periodic training.

6.2. **Training Programs and Materials.** The training program shall include information relating to the requirements of Federal Securities Laws and each Disclosure Agreement, the meaning of "material," and the duties of the management and staff of the District under this Disclosure Policy. The training program and materials may include materials prepared by or with the assistance of District General Counsel, District Bond Counsel and/or Disclosure Counsel and programs and/or materials provided by other third party providers.

6.3. **Training Frequency.** Each affected member of management or staff shall undergo training as necessary to address any changes in the requirements of applicable Federal Securities Laws or this Disclosure Policy.

Section 7. **Updates to Policies and Procedures.**

7.1. **Periodic Review.** The Disclosure Policy shall be reviewed bi-annually by the Disclosure Policy Working Group. In addition, at any time all management and staff of the District are invited and encouraged to make recommendations for changes to this Disclosure Policy so that it fosters better compliance with applicable law, results in better information to investors, or makes the procedures required by this Disclosure Policy more efficient.

7.2. **Recommendations for Change.** Following receipt of any such recommendation, the Disclosure Officer shall give her or his advice regarding the recommendation to the Disclosure Working Group. The Disclosure Working Group shall consider the recommendation and advice, determine whether to propose a change to this Disclosure Policy, and submit such proposal to the Chief Financial Officer.

7.3. **Changes to Disclosure Policy.** The CEO, with advice from, the Chief Financial Officer, District General Counsel and District Bond Counsel, shall approve and implement any change to this Disclosure Policy that is proposed by the Disclosure Working Group, which does not change the fundamental policies or procedures established by this Disclosure Policy and is determined by the CEO to be advisable.

Section 8. **Miscellaneous.**

8.1. **Consultation.** District General Counsel and/or District Bond Counsel may be consulted in connection with any aspect of this Disclosure Policy.

8.2. **Waiver of Procedures.** Management and staff charged by this Disclosure Policy with performing or refraining from any action may depart from this Disclosure Policy if the Disclosure Officer in good faith determines that such departure is in the best interests of the District and consistent with the duties of the District under Federal Securities Laws. Any such departure shall require approval of the Chief Financial Officer.

8.3. **Internal Use Only.** This Disclosure Policy is intended for the internal use of the District only and is not intended to establish any duties in favor of or rights of any person other than the District.

Appendix A: 15c2-12 Events (as of February 2025)

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the security, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Issuer or another obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or another obligated person or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (xv) incurrence of a Financial Obligation of District, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of District, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of District, if any such event reflects financial difficulties.