

TRUST INDENTURE

between the

SAN DIEGO ASSOCIATION OF GOVERNMENTS

and

\_\_\_\_\_,

as Trustee

Dated as of \_\_\_\_\_ 1, 2019

SECURING  
SAN DIEGO ASSOCIATION OF GOVERNMENTS  
CAPITAL GRANT RECEIPTS REVENUE BONDS  
(MID-COAST CORRIDOR TRANSIT PROJECT)

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## TRUST INDENTURE

THIS TRUST INDENTURE dated as of \_\_\_\_\_ 1, 2019 (the “Indenture”), by and between the SAN DIEGO ASSOCIATION OF GOVERNMENTS, a public entity duly existing under the laws of the State of California (“SANDAG”), and \_\_\_\_\_, a [national banking association] duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the [United States of America], as trustee (the “Trustee”).

### WITNESSETH:

WHEREAS, SANDAG is a consolidated regional transportation agency organized and existing pursuant to the San Diego Regional Transportation Consolidation Act, being Chapter 3 of Division 12.7 of the Public Utilities Code of the State of California (Section 132350 *et seq.*), as the same may be amended from time to time hereafter, the “Act”);

WHEREAS, SANDAG has undertaken its “Mid-Coast Corridor Transit Project” (the “Project”), consisting of the design and construction of an extension of the San Diego Trolley Blue Line from the Santa Fe depot in downtown San Diego, California, north to the UTC Transit Center in University City, California; and

WHEREAS, a portion of the costs of construction of the Project is being funded by grants received or expected to be received by SANDAG under the terms of a Full Funding Grant Agreement (CA-2016-021-00) with the United States of America, acting through the Department of Transportation, Federal Transit Administration; and

WHEREAS, Section 132370.1 of the California Public Utilities Code provides that SANDAG may issue bonds, for any one or more transit facilities authorized to be acquired, constructed, or completed by SANDAG; and

WHEREAS, SANDAG has determined to issue its Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project) (the “Bonds”) for the purpose of financing a portion of the costs of the Project and related financing costs in anticipation of the receipts of the grants to be received by SANDAG from the federal government in aid of construction of the Project pursuant to the terms of the Full Funding Grant Agreement; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal limited obligations of SANDAG according to the import thereof, and to constitute this Indenture a valid pledge of and grant of a lien on the Grant Receipts (as defined herein) to secure the payment of the principal of, premium, if any, and interest on the Bonds have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

## GRANTING CLAUSES

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

That in order to provide for the payment of Project costs and to secure the payment of the principal of, premium, if any, and interest on all Bonds issued and to be issued hereunder, according to the import thereof, and the performance and observance of each and every covenant and condition herein and in the Bonds contained, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the respective Owners (as hereinafter defined) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds shall be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, SANDAG does hereby pledge and grant a lien upon the following Trust Estate to the Trustee and its successors in trust and assigns, to the extent provided in this Indenture:

- (a) The Grant Receipts;
- (b) All moneys and securities and earnings thereon in all funds, accounts and subaccounts established pursuant to this Indenture (except the Rebate Fund); and
- (c) The Additional Security.

BUT IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of the Bonds issued and to be issued hereunder and secured by this Indenture, including any Bonds hereafter issued, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any one Bond over any other or from the others by reason of priority in the issue or negotiation thereof or by reason of the date or dates of maturity thereof, or for any other reason whatsoever (except as expressly provided in this Indenture), so that each and all of such Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby, with the same effect as if the same had all been made, issued and negotiated upon the delivery hereof (all except as expressly provided in this Indenture, as aforesaid).

PROVIDED, HOWEVER, that these presents are upon the condition that, if SANDAG, or its successors, shall well and truly pay or cause to be paid, or provide for the payment of all principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner stipulated therein and herein, then this Indenture and the rights hereby granted shall cease, terminate and be void, but shall otherwise be and remain in full force.

AND IT IS HEREBY COVENANTED AND AGREED by and among SANDAG, the Trustee and the Owners from time to time of the Bonds, that the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become the Owners thereof, and the trusts and conditions upon which the moneys and securities hereby pledged are to be held and disposed of, which trusts and conditions the Trustee hereby accepts, are as follows:

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

**Section 101. Definitions.** The following terms shall, for all purposes of this Indenture, have the following meanings unless a different meaning clearly appears from the context:

*“Accountant”* means an independent certified public accountant or a firm of independent certified public accountants (who may be the accountants who regularly audit the books and accounts of SANDAG) who are selected and paid by SANDAG.

*“Accreted Amount”* means, with respect to any Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing such Bonds as the amount representing the initial public offering price thereof, plus the amount of interest that has accreted on such Bonds, compounded periodically, to the date of calculation, determined by reference to accretion tables contained in each such Bond or contained or referred to in any Supplemental Indenture authorizing the issuance of such Bonds. The Accreted Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Accreted Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Accreted Amount for such preceding date and the Accreted Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

*“Act”* means the San Diego Regional Transportation Consolidation Act, being Chapter 3 of Division 12.7 of the Public Utilities Code of the State of California (Section 132350 *et seq.*), and as such may be amended from time to time hereafter.

*“Additional Security”* means any and all moneys and securities furnished from time to time to the Trustee by SANDAG or on behalf of SANDAG by any other persons, in each case at SANDAG’s sole and absolute discretion, to be held by the Trustee under the terms of this Indenture.

*“Annual Debt Service Requirement”* means, with respect to any Federal Fiscal Year, the aggregate of the Interest Requirement and the Principal Requirement for such Federal Fiscal Year.

*“Authorized Denominations”* means (a) with respect to 2019 Bonds, \$5,000 or any integral multiple thereof, and (b) in the case of Refunding Bonds, such other denominations as may be specified in the Supplemental Indenture authorizing the issuance thereof.

*“Authorized Officer”* means the Executive Director of SANDAG, any Deputy Executive Director of SANDAG, the Director of Finance of SANDAG or any other employee of SANDAG at the time designated to act on behalf of SANDAG in a Certificate of SANDAG executed by any of the foregoing officers and filed with the Trustee, which Certificate shall contain such employee’s specimen signature.

*“Average Projected Annual Debt Service”* means, as of any date of calculation, the average amount of Projected Annual Debt Service in each Federal Fiscal Year on the applicable Bonds to the stated maturity thereof.

“*Beneficial Owner*” means, with respect to any Book-Entry Bond, the beneficial owner of such Book-Entry Bond as determined in accordance with the applicable rules of the Securities Depository for such Book-Entry Bonds.

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

“*Bond*” or “*Bonds*” means any bond or bonds, including the 2019 Bonds and (as the context may require) any Refunding Bonds, authenticated and delivered under and pursuant to this Indenture, other than Subordinated Indebtedness.

“*Bond Counsel*” means Norton Rose Fulbright US LLP or any other attorney at law or firm of attorneys selected by SANDAG of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“*Bond Insurance Policy*” means any municipal bond new issue insurance policy issued by a Bond Insurer that guarantees the payment of principal of and interest on any of the Bonds.

“*Bond Insurer*” means the issuer of a Bond Insurance Policy.

“*Book-Entry Bonds*” means Bonds issued under a book-entry only depository system as provided in Section 308.

“*Business Day*” means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Trustee is located are authorized or required by law or executive order to close (and the Trustee is in fact closed).

“*Capital Appreciation and Income Bond*” means any Bond as to which accruing interest is not paid prior to the Interest Commencement Date specified therefor and is compounded periodically on certain designated dates prior to the Interest Commencement Date specified therefor, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation and Income Bond.

“*Capital Appreciation Bond*” means any Bond the interest on which (i) shall be compounded periodically on certain designated dates, (ii) shall be payable only at maturity or redemption prior to maturity and (iii) shall be determined by subtracting from the Accreted Amount the initial public offering price thereof, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond. The term “Capital Appreciation Bond” as used throughout this Indenture also includes any Capital Appreciation and Income Bond prior to the Interest Commencement Date specified therefor.

“*Capitalized Interest Account*” means the account of that name in the Construction Fund established in Section 502.

“*Closing Date*” means \_\_\_\_\_, 2019.

“*Code*” means the Internal Revenue Code of 1986, and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

*“Construction Fund”* means the Construction Fund established in Section 502.

*“Continuing Disclosure Agreement”* means the Continuing Disclosure Agreement dated the Closing Date, as originally executed by SANDAG and, if applicable, a Dissemination Agent, as it may be amended from time to time in accordance with its terms.

*“Costs of Construction”* means with respect to the Project, the costs of acquisition, construction and equipping thereof, including the costs of acquisition of all land, rights of way, property, rights, easements and interests, acquired by SANDAG for such construction, the cost of all machinery and equipment, financing charges, financial and municipal advisory fees, interest prior to and during construction and for such period after completion of construction as SANDAG shall determine, the cost of engineering and legal expenses, plans, specifications, surveys, estimates of cost and revenues, other expenses necessary or incident to determining the feasibility or practicability of constructing the Project, administrative expenses and such other costs, expenses and funding as may be necessary or incident to the construction, the financing of such construction and the placing of the Project in service, in each case to the extent such costs satisfy the definition of “Project Costs” set forth in the Full Funding Grant Agreement.

*“Costs of Issuance”* means all items of expense directly or indirectly payable by or reimbursable to SANDAG and related to the authorization, execution, sale and delivery of the 2019 Bonds, including, but not limited to, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, underwriting fees and discounts, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the 2019 Bonds, surety, insurance, liquidity and credit enhancements costs, and any other cost, charge or fee incurred in connection with the issuance of the 2019 Bonds.

*“Counsel’s Opinion”* means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, who may be counsel to SANDAG.

*“Credit Bank”* means, as to any particular Series of Bonds, the person (other than a Bond Insurer) providing a Credit Facility, as may be provided in the Supplemental Indenture authorizing such Series.

*“Credit Facility”* means, as to any particular Series of Bonds, a letter of credit, a line of credit, a guaranty, a standby bond purchase agreement or other credit or liquidity enhancement facility, other than a Bond Insurance Policy, as may be provided in the Supplemental Indenture authorizing such Series.

*“Current Funds”* means moneys which are immediately available in the hands of the payee at the place of payment.

*“Current Interest Bond”* means any Bond the interest on which is payable on the Interest Payment Dates provided therefor in the Supplemental Indenture authorizing such Bond. The term “Current Interest Bond” as used throughout this Indenture also includes any Capital Appreciation and Income Bond from and after the Interest Commencement Date specified therefor.

*“Debt Service Fund”* means the Debt Service Fund established in Section 502.

*“Debt Service Reserve Credit Facility”* shall have the meaning assigned to such term in Section 506(D)(1).

*“Debt Service Reserve Fund”* means the Debt Service Reserve Fund established in Section 502.

*“Debt Service Reserve Requirement”* means, with respect to the 2019 Bonds, an amount equal to \$\_\_\_\_\_.

*“Defeasance Securities”* means noncallable: (i) U.S. Treasury certificates, notes, bills and bonds, including State and Local Government Series securities; (ii) direct obligations of the U.S. Treasury; (iii) Resolution Funding Corp. securities (“REFCORP”); (iv) pre-refunded municipal bonds rated the same level as U.S. Treasury Notes and Bonds by Moody’s and by S&P, provided, however, that if such municipal bonds are rated only by S&P, then such pre-refunded municipal bonds must have been pre-refunded with cash, direct United States or United States guaranteed obligations; (v) obligations issued by the following agencies, which are backed by the full faith and credit of the United States: (a) Farmers Home Administration (FmHA) - certificates of beneficial ownership; (b) General Services Administration - participation certificates; (c) U.S. Maritime Administration - Guaranteed Title XI financing; (d) Small Business Administration guaranteed participation certificates and guaranteed pool certificates; (e) GNMA guaranteed MSB and participation certificates; and (f) U.S. Department of Housing and Urban Development (HUD) Local Authority Bonds, or (vi) certain obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States limited to: (a) Federal Home Loan Mortgage Corp. (FHLMC) debt obligations; (b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system-wide bonds and notes; (c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; (d) Federal National Mortgage Association (FNMA) debt obligations; (e) Student Loan Marketing Association (SLMA) debt obligations; and (f) Financing Corp. (FICO) debt obligations; and (g) other obligations approved by the Rating Agencies for defeasance escrows rated in their highest rating category.

*“DTC”* means The Depository Trust Company, the initial Securities Depository for the 2019 Bonds.

*“DTC Participant”* shall mean any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing 2019 Bonds with DTC pursuant to the book-entry only system described in Section 308.

*“Event of Default”* means any event so designated and specified in Section 801.

*“Favorable Opinion of Bond Counsel”* means, with respect to any action relating to the Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel addressed to the Trustee, to the effect that such action is permitted under this Indenture and will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Bonds from personal income taxation under the laws of the State (subject to customary exceptions).

*“Federal Fiscal Year”* means the period October 1 through September 30 of the following year.

*“Fiscal Year”* means the period July 1 through June 30 of the following year.

“*FTA*” means the Federal Transit Administration of the United States Department of Transportation.

“*Full Funding Grant Agreement*” means the grant agreement (including attachments) by and between the FTA, as grantor, and SANDAG, as grantee, with respect to the Project designated as “Full Funding Grant Agreement – CA-2016-021-00” and providing FTA Section 5309 (49 United States Code Section 5309) New Starts funds as grants in aid of the design and construction of the Project.

“*Grant Receipts*” means any amount received by SANDAG from Section 5309 (49 United States Code Section 5309) New Starts funds pursuant to the Full Funding Grant Agreement.

“*Grant Receipts Construction Fund*” means the Grant Receipts Construction Fund established in Section 502.

“*Grant Receipts Fund*” means the Grant Receipts Fund established in Section 502.

“*Indenture*” means this Trust Indenture, dated as of \_\_\_\_\_ 1, 2019, by and between SANDAG and the Trustee, as from time to time amended and supplemented.

“*Interest Account*” means the account of that name in the Debt Service Fund established in Section 502.

“*Interest Commencement Date*” means, with respect to any Capital Appreciation and Income Bond, the date specified in the Supplemental Indenture authorizing the issuance of such Bond (which date must be prior to the maturity date for such Capital Appreciation and Income Bond) after which interest accruing on such Capital Appreciation and Income Bond shall be payable periodically, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

“*Interest Payment Date*” means May [15] and November [15] of each year.

“*Interest Period*” means the period from the date of the Bonds of any Series to and including the day immediately preceding the first Interest Payment Date and thereafter shall mean each period from and including an Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

“*Interest Requirement*” means, for any Federal Fiscal Year or other period, as the context may require, as applied to Bonds of any Series then Outstanding, the total of the sums that would be deemed to accrue on such Bonds during such period if the interest on the Current Interest Bonds of such Series were deemed to accrue daily during such period in equal amounts; *provided, however*, that an amount of interest shall be excluded from the determination of Interest Requirement to the extent that such interest has been paid, or is to be paid from the moneys in the Capitalized Interest Account allocable to the payment of such interest as provided in Section 507 with respect to the 2019 Bonds or as provided in the Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds or from investment earnings thereon if such moneys shall have been invested in Permitted Investments and to the extent such earnings may be determined precisely. Unless SANDAG shall otherwise provide in a Supplemental Indenture, interest expense on Credit Facilities drawn upon to purchase but not to retire Bonds,

except to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of Interest Requirement.

[“*Maximum Annual Debt Service Requirement*” means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and any succeeding Federal Fiscal Year.]

“*Nominee*” means the nominee of the Securities Depository for the Book-Entry Bonds, in whose name such Book-Entry Bonds are to be registered. The initial Nominee shall be Cede & Co., the partnership nominee of DTC.

“*Outstanding*,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Indenture except:

(i) Any Bonds canceled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys and/or Defeasance Securities, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under this Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 or Section 1106; and

(iv) Bonds deemed to have been paid as provided in Section 1201(B).

“*Owner*” means any person who shall be the registered owner of any Bond or Bonds.

“*Payment Date*” shall mean any Interest Payment Date or Principal Payment Date.

“*Permitted Investments*” means any of the following:

(i) United States Government Securities defined as direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the payment of principal and interest by the United States of America;

(ii) federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises or corporations;

(iii) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the United States, rated “AA” or its equivalent or better by a

nationally recognized statistical rating organization (referred to in this definition of Permitted Investments as an “NRSRO”);

(iv) corporate and depository institution debt securities with a maximum remaining maturity of five (5) years or less, issued by corporations, financial institutions, non-profits, or other entities organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States (not to include other investment securities), which have a long-term rating of “A” or its equivalent or better by an NRSRO;

(v) obligations issued or guaranteed by any state, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any U.S. state and with a long-term of “A” or its equivalent or better by an NRSRO;

(vi) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank with a long-term rating of “A” or a short-term rating of “A-1” or their respective equivalents or better by an NRSRO;

(vii) bank deposits with a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in California provided such deposits shall be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by such securities and obligations as are described in Sections 53630 through 53686 of the California Government Code;

(viii) commercial paper rated “A-1” or better by an NRSRO, which purchases may not exceed two hundred seventy (270) days maturity;

(ix) bankers' acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term obligations of which are rated “A-1” or better by two NRSROs, which purchases may not exceed one hundred eighty (180) days maturity;

(x) Government money market funds as defined by Securities and Exchange Commission Rule 2a-7(a)(16);

(xi) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 of the California Government Code. Investments shall be restricted to those pooled programs that seek to maintain a stable net asset value;

(xii) Local Agency Investment Fund, the State of California managed investment pool;

(xiii) The pooled investment fund of the County of San Diego, California, which is administered in accordance with the investment policy of said County as established by the Treasurer/Tax Collector;

(xiv) 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 Title 5, Division 2, Chapter 4 of the Government Code of California, as it may be amended;

(xv) Repurchase agreements that meet the following criteria:

(1) Acceptable providers shall consist of (a) registered broker/dealers subject to Securities Investors' Protection Corporation (referred to in this definition of Permitted Investments as "SIPC") jurisdiction or commercial banks insured by the Federal Deposit Insurance Corporation (referred to in this definition of Permitted Investments as "FDIC"), if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (b) domestic structured investment companies rated Aaa by Moody's and AAA by S&P; and

(2) The repurchase agreement shall limit acceptable securities specified in subsections (i) and (ii) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for investments specified in subsection (i) above and 105% for investments specified in subsection (ii) above. The repurchase agreement shall require:

(a) the Trustee or an independent third party acting solely as agent (referred to in this definition of Permitted Investments as the "Agent") for the Trustee to value the collateral securities no less frequently than weekly,

(b) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and

(c) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.

(3) The repurchase securities shall be delivered free and clear of any lien to the Trustee or to the Agent, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee; and

(4) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and SANDAG and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof;

(xvi) Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

(1) Acceptable providers of uncollateralized investment agreements shall consist of (a) domestic insurance companies, (b) domestic FDIC-insured commercial banks, or (c) U.S. branches of foreign banks, rated at least Aa3 by Moody's and AA- by S&P;

(2) Acceptable providers of collateralized investment agreements shall consist of domestic insurance companies, domestic commercial banks, U.S. branches of foreign banks, or broker/dealers rated at least A3 or better by Moody's and A- or better by S&P. Required collateral levels shall be as set forth in (xv)(5) below;

(3) The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (a) repay the principal amount plus any accrued and interest on the investment; or (b) deliver collateral described in (xv)(5)(a) or (xv)(5)(b) below (referred to in this definition of "Permitted Collateral");

(4) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty to the Issuer;

(5) The investment agreement shall provide for the delivery of Permitted Collateral which shall be maintained at the following collateralization levels at each valuation date:

(a) investments specified in subsection (i) above at 104% of principal plus accrued interest; or

(b) investments specified in subsection (ii) above at 105% of principal and accrued interest;

(6) The investment agreement shall require the Trustee or Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels;

(7) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent; and

(8) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under (xv)(5) above, the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral;

(xvii) Forward delivery agreements in which the securities delivered mature on or before each cash flow date that meet the following criteria:

(1) Acceptable providers shall be limited to domestic insurance companies, domestic commercial banks, U.S. branches of foreign banks, rated Baa3- or better by Moody's or BBB- or better by S&P;

(2) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below Baa3 from Moody's or BBB- from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value; and

(3) Permitted securities shall include the investments listed subsections in (i) and (ii) above;

(xviii) Any other forms of investments, which at the time of investment are legal investments, under the California Government Code, for SANDAG's surplus funds;

For purposes of the foregoing, maturity of investments shall be governed by the following:

(1) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments;

(2) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements; and

(3) Investments of monies in the Debt Service Reserve Fund not payable upon demand shall be restricted to maturities of five (5) years or less.

*"Person"* means and includes an association, unincorporated organization, a corporation, a partnership, a limited liability corporation, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

*"Principal"* or *"principal"* means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in this Indenture in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an event of default, in which case *"principal"* means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the Owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver or with respect to the Redemption Price of any Capital Appreciation Bond, *"principal amount"* means the Accreted Amount and (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity.

*"Principal Account"* means the account of that name in the Debt Service Fund established in Section 502.

*“Principal Payment Date”* means an November [15] upon which the principal of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment.

*“Principal Requirement”* means for any Federal Fiscal Year or other period, as the context may require, as applied to the Bonds of any Series, an amount equal to the principal scheduled to become due on such Bonds during such period, including Sinking Fund Installments; *provided, however*, that an amount of principal shall be excluded from the determination of Principal Requirement to the extent that such amount has been paid, or is to be paid from the proceeds of Bonds allocable to the payment of such principal as provided in the Supplemental Indenture authorizing the issuance of such Bonds or from the investment earnings thereon if such proceeds shall have been invested in Permitted Investments and to the extent such earnings may be determined precisely.

*“Project”* means SANDAG’s Mid-Coast Corridor Transit Project as more particularly described in the Full Funding Grant Agreement and the plans and specifications therefor on file with SANDAG, as the same may be revised from time to time to SANDAG.

*“Projected Annual Debt Service”* means, with respect to any Series of Bonds, the projected payments of principal of and interest on such Bonds as set forth in Exhibit C hereto or as hereafter certified by SANDAG to the Trustee, reflecting expected Grant Receipts and expected redemption at the option of SANDAG and by operation of the Redemption Account.

*“Rating Agencies”* means each and every one of the nationally recognized rating agencies that shall have assigned ratings to any Bonds Outstanding as requested by SANDAG, and which ratings are then currently in effect.

*“Rebate Fund”* means the Rebate Fund established in Section 502.

*“Record Date”* means the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date and, with respect to any other Series of Bonds, such other day as may be determined in the applicable Supplemental Indenture.

*“Redemption Account”* means the account of that name in the Debt Service Fund established in Section 502.

*“Redemption Price”* means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption.

*“Refunding Bonds”* means Bonds authenticated and delivered pursuant to Section 204.

*“Required Revenue Service Date”* means November 23, 2022, or such later date that SANDAG and the FTA may establish for the Project to commence revenue service operations pursuant to the Full Funding Grant Agreement.

*“SANDAG”* means the San Diego Association of Governments, a public entity duly organized and existing under the Act.

*“Securities Depository”* means DTC or any other trust company or other entity that provides a book-entry system for the registration of ownership interests in securities and which is acting as security depository for Book-Entry Bonds.

“*Serial Bonds*” means the Bonds of a Series which shall be stated to mature in annual installments.

“*Series*” means all of the Bonds designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 406 or 1106.

“*Series 2019A Bonds*” means the \$ \_\_\_\_\_ original principal amount of the San Diego Association of Governments Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), Series 2019A, authorized by Section 203(A).

“*Series 2019B Bonds*” means the \$ \_\_\_\_\_ original principal amount of San Diego Association of Governments Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), Series 2019B, authorized by Section 203(B).

“*Sinking Fund Installment*” means each principal amount of Bonds scheduled to be redeemed through sinking fund redemption provisions by the application of amounts on deposit in the Principal Account, established pursuant to Section 202(A)(3)(g).

“*Subordinated Indebtedness*” means indebtedness permitted to be issued pursuant to Section 511.

“*Supplemental Indenture*” means any Supplemental Indenture authorized pursuant to Article X.

“*Term Bonds*” means the Bonds of a Series other than Serial Bonds which shall be stated to mature on one or more dates through the payment of Sinking Fund Installments.

“*Trustee*” means \_\_\_\_\_, and any successor or successors appointed under this Indenture as hereinafter provided.

“*Trust Estate*” means the Grant Receipts and all other property pledged to the Trustee pursuant to this Indenture, as described in the Granting Clauses hereto.

“*2019 Bonds*” means, collectively, the Series 2019A Bonds and the Series 2019B Bonds.

**Section 102. Miscellaneous Definitions.** As used herein, and unless the context shall otherwise indicate, the words “Bond,” “Owner” and “Person” shall include the plural as well as the singular number.

As used herein, the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Indenture.

Unless the context shall otherwise indicate, references herein to articles, sections, subsections, clauses, paragraphs and other subdivisions refer to the designated articles, sections, subsections, clauses, paragraphs and other subdivisions of this Indenture as originally executed.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

**Section 201. Authorization of Bonds.** (A) SANDAG shall not issue any Bonds while this Indenture is in effect except in accordance with the provisions of this Article II. All Bonds issued under this Indenture shall be designated “San Diego Association of Governments Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), Series \_\_\_\_\_” and shall include such further appropriate designations as SANDAG may determine.

(B) Bonds may be issued in one or more Series and each Bond shall bear upon its face the designation determined for its Series. Any two or more Series may be consolidated for purposes of sale in such manner as may be provided in the Supplemental Indenture authorizing such Series.

**Section 202. General Provisions for Issuance of Bonds.** (A) Bonds of each Series shall be executed by SANDAG and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to SANDAG or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of:

(1) A Counsel’s Opinion regarding the validity and enforceability of such Bonds and the federal income tax treatment of the interest on such Bonds.

(2) A written order as to the delivery of such Bonds signed by an Authorized Officer, which order shall direct, among other things, the application of the proceeds of such Bonds.

(3) In the case of the 2019 Bonds, an executed copy of this Indenture; and in the case of each Series of Refunding Bonds, an executed copy of the Supplemental Indenture authorizing such Bonds, which shall specify:

(a) The authorized principal amount, designation and Series of such Bonds.

(b) The purposes for which such Series of Bonds is being issued.

(c) The date, and the maturity date or dates, of the Bonds of such Series.

(d) The interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, and the Interest Payment Dates and Record Dates therefor.

(e) The Authorized Denominations and the manner of dating, numbering and lettering of the Bonds of such Series.

(f) The Redemption Price or Prices, if any, and any redemption dates and terms for the Bonds of such Series not determined herein.

(g) The amount and date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that the aggregate of such Sinking Fund Installments shall equal the aggregate principal amount of all such Bonds less the principal amount scheduled to be retired at maturity.

(4) The amount of the Debt Service Reserve Requirement calculated by SANDAG immediately after such authentication and delivery and, except as otherwise provided by Section 506(D)(1), evidence of the deposit of sufficient funds to the Debt Service Reserve Fund to cause the amount on deposit therein on the date of such authentication and delivery to equal the Debt Service Reserve Requirement.

(5) Such further documents, moneys and securities as are required by the provisions of this Indenture or any Supplemental Indenture.

(B) Bonds of the same Series and maturity shall be of like tenor except as to rate, denomination and form. After the original issuance of Bonds of a Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III, Section 406 or Section 1106.

**Section 203. Series 2019A Bonds and Series 2019B Bonds.** (A) A Series of Bonds entitled to the benefit, protection and security of this Indenture is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_ to finance the Costs of Construction of the Project, including the reimbursement of SANDAG for prior expenditures relating to the Project, to fund the Debt Service Reserve Fund, to capitalize interest on the 2019 Bonds by a deposit to the Capitalized Interest Account, and to pay Costs of Issuance of the 2019 Bonds. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series, by the title “San Diego Association of Governments Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), Series 2019A.”

(B) A Series of Bonds entitled to the benefit, protection and security of this Indenture is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_ to finance the Costs of Construction of the Project, including the reimbursement of SANDAG for prior expenditures relating to the Project, to fund the Debt Service Reserve Fund, to capitalize interest on the 2019 Bonds by a deposit to the Capitalized Interest Account, and to pay Costs of Issuance of the 2019 Bonds. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series, by the title “San Diego Association of Governments Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), Series 2019B.”

(C) Each 2019 Bond shall be in registered form and shall be initially dated the date of issuance thereof and thereafter shall be dated in accordance with the provisions of Section 301. Each Series 2019 Bond shall bear interest payable on November [15], 2019 and semi-annually thereafter on May [15] and November [15] in each year, computed on the basis of a 360-day year consisting of twelve 30-day months.

(D) The Series 2019A Bonds shall mature on November [15] of each of the years and in the principal amounts and shall bear interest at the respective rates per annum set forth in the table below:

Year                      Principal Amount                      Interest Rate

(E) The Series 2019B Bonds shall be issued in the principal amount of \$ \_\_\_\_\_, shall mature on November [15], \_\_\_\_\_, and shall bear interest at the rate of \_\_\_\_\_% per annum.

(F) The 2019 Bonds shall be in Authorized Denominations (but no single 2019 Bond shall represent principal maturing on more than one date) and each 2019 Bond of like Series shall be numbered consecutively but need not be authenticated or delivered in consecutive order. The 2019 Bonds and the Trustee's Certificate of Authentication shall be in substantially the forms set forth in *Exhibit A* attached hereto and by reference made a part hereof with such variations, omissions or insertions as are required or permitted by this Indenture.

(G) The principal and Redemption Price of the 2019 Bonds shall be payable at the designated corporate trust offices of the Trustee, in the [City of Los Angeles], California, or such other offices as designated by the Trustee. Interest on the 2019 Bonds shall be payable by check or bank draft mailed on the applicable Interest Payment Date or delivered by the Trustee to the Owners as the same appear on the registration books of SANDAG maintained by the Trustee as of the Record Date or, at the option of any Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, by wire transfer of Current Funds to such bank in the continental United States as said Owner shall request in writing to the Trustee not later than 15 days prior to the applicable Interest Payment Date.

(H) The net proceeds of the 2019 Bonds, upon receipt, shall be deposited as follows:

(i) \$ \_\_\_\_\_ shall be deposited into the Construction Fund (including \$ \_\_\_\_\_ allocated to the Costs of Issuance Account and \$ \_\_\_\_\_ allocated to the Capitalized Interest Account); and

(ii) \$ \_\_\_\_\_ shall be deposited into the Debt Service Reserve Fund.

**Section 204. Refunding Bonds.** (A) One or more Series of Refunding Bonds may be authenticated and delivered to refund any or all Outstanding Bonds of one or more Series and to pay costs and expenses incident to the issuance of such Refunding Bonds.

(B) Refunding Bonds of a Series to refund Outstanding Bonds shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents, securities and moneys required by Section 202) of:

(1) Such instructions to the Trustee as necessary to comply with all requirements set forth in Section 1201 so that the Bonds to be refunded will be paid or deemed to be paid pursuant to said Section 1201.

(2) Either (i) moneys in an amount sufficient to effect payment of the principal and Redemption Price, if applicable, and interest due and to become due on the Bonds to be refunded or advance refunded on and prior to the redemption date or maturity date thereof, as the case may be, which moneys shall be held by the Trustee in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds to be refunded or advance refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, and bearing interest at such rates as shall be necessary, together with the moneys, if any, deposited with the Trustee at the same time, to comply with the provisions of Section 1201(B).

(3) A certificate of an Authorized Officer evidencing that the Average Projected Annual Debt Service on all Bonds Outstanding following the issuance of such Refunding Bonds, and the redemption or provision for payment of the Bonds to be refunded, will be less than the Average Projected Annual Debt Service on all Bonds Outstanding immediately prior to the issuance of such Refunding Bonds.

(C) The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied upon their delivery as follows:

(1) there shall be deposited in the Debt Service Reserve Fund the amount, if any, necessary so that the amount therein equals the Debt Service Reserve Requirement calculated immediately after such delivery, to the extent not funded from any other source or otherwise provided for by a Debt Service Reserve Credit Facility pursuant to Section 506(D)(1);

(2) there shall be deposited in any other fund, account or subaccount under this Indenture the amount, if any, required by the Supplemental Indenture authorizing such Series, including, but not limited to, an amount to be applied to the payment of costs and expenses incident to the issuance of such Refunding Bonds;

(3) the amount of such proceeds needed for the refunding of the Bonds to be refunded and for the payment of expenses incidental to such refunding shall be used for such purposes; and

(4) any balance of such proceeds shall be applied in accordance with the written instructions of SANDAG, signed by an Authorized Officer and filed with the Trustee.

(D) Refunding Bonds may be issued as Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Current Interest Bonds, Serial Bonds or Term Bonds or any combination thereof, all as provided in the Supplemental Indenture providing for the issuance thereof.

## ARTICLE III

### GENERAL TERMS AND PROVISIONS OF BONDS

**Section 301. Medium of Payment; Form and Date; Letters and Numbers.** (A) The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) Any Bonds of a Series shall be issued only in the form of fully registered Bonds without coupons or, pursuant to the provisions of a Supplemental Indenture, in any other form permitted by law at the time of original issuance, including, but not limited to, Bonds which are transferable through a book-entry system.

(C) Each Bond shall be lettered and numbered as provided in this Indenture or the Supplemental Indenture authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

(D) Bonds shall be dated as provided in this Indenture or the Supplemental Indenture authorizing the Bonds of such Series. 2019 Bonds shall be dated the Closing Date.

**Section 302. Legends.** The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, law, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by SANDAG or the Trustee prior to the authentication and delivery thereof.

**Section 303. Execution and Authentication.** (A) The Bonds shall be executed in the name of SANDAG by the manual or facsimile signatures of the Chairperson of the Board or any Vice Chairperson of the Board and shall be attested by the facsimile or manual signature of the Executive Director of SANDAG or, in the absence of such official, by another Authorized Officer authorized to so do pursuant to a Resolution of the Board. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices. Any Bond may be signed on behalf of SANDAG by such persons who at the time of the execution of such Bond shall hold the proper office in SANDAG, although at the date of such Bond such persons may not have been so authorized or have held such office.

(B) The Bonds shall bear a certificate of authentication, in the form set forth in this Indenture or the Supplemental Indenture authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear such certificate of authentication shall be entitled to any right or benefit under this Indenture, and no such Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any such Bond executed on behalf of SANDAG shall be

conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

**Section 304. Exchangeability of Bonds.** Subject to the provisions of Section 306, any Bond, upon surrender at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or its duly authorized attorney, may, at the option of the Owner and upon payment of any charges which the Trustee may make as provided in Section 306, be exchanged for an equal aggregate principal amount of fully registered Bonds of the same Series, maturity, and interest rate and tenor of any other Authorized Denominations.

**Section 305. Negotiability, Transfer and Registration.** (A) Each Bond shall be transferable only upon the registration books of SANDAG, which shall be kept for that purpose by the Trustee, by the Owner in person or by its attorney duly authorized in writing, upon surrender thereof with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or its duly authorized attorney. Upon the transfer of any such Bond, SANDAG shall issue in the name of the transferee a new Bond or Bonds in Authorized Denominations of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Bond.

(B) SANDAG and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the registration books of SANDAG as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither SANDAG nor the Trustee shall be affected by any notice to the contrary.

**Section 306. Provisions with Respect to Exchanges and Transfers.** In all cases in which the privilege of transferring or exchanging Bonds is exercised, SANDAG shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges shall forthwith be canceled by the Trustee. For any exchange or transfer of Bonds, whether temporary or definitive, SANDAG, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by SANDAG. The Trustee shall not be required to make any registration, transfer or exchange of any Bond during the period after such Bond has been called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of first giving notice of such redemption.

**Section 307. Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Bond shall become mutilated or be destroyed, stolen or lost, SANDAG shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, interest rate and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee

evidence satisfactory to SANDAG and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing SANDAG and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as SANDAG, the Trustee may prescribe and paying such expenses as SANDAG and Trustee may incur. All Bonds so surrendered to the Trustee shall be canceled by the Trustee in accordance with Section 1205. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of SANDAG, whether or not the Bonds so alleged to be destroyed, stolen or lost shall be found at any time or be enforceable by anyone, shall be entitled to equal and proportionate benefits with all other Bonds of the same Series issued under this Indenture and shall be equally secured by the moneys or securities held by SANDAG or the Trustee for the benefit of the Owners.

**Section 308. Book-Entry Only System.** Unless an Authorized Representative shall otherwise direct or unless otherwise specified in a Supplemental Indenture, all Bonds issued hereunder shall be issued as Book-Entry Bonds in fully registered form. Book-Entry Bonds shall be registered in the name of the Securities Depository or its Nominee as directed by such Securities Depository. DTC shall act as the initial Securities Depository and has designated Cede & Co. as its Nominee. Beneficial Owners of Bonds will not receive physical delivery of bond certificates except as provided hereinafter. For so long as DTC shall continue to serve as Securities Depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no person purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate.

With respect to Bonds registered in the name of Cede & Co., as Nominee of DTC, SANDAG and the Trustee shall have no responsibility or obligation to any participant in DTC (each, a “DTC Participant”) or to any person on whose behalf a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, SANDAG and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the registration books, of any notice with respect to the Bonds, including any notice of redemption or mandatory tender, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown in the registration books, of any amount with respect to principal or Purchase Price of, or premium, if any, or interest on, the Bonds.

Replacement Bonds may be issued directly to Beneficial Owners of Bonds other than DTC, or its Nominee, but only in the event that: (i) DTC determines not to continue to act as Securities Depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to SANDAG and the Trustee); or (ii) an Authorized Representative has advised DTC of its determination (which determination is conclusive as to DTC and Beneficial Owners of the Bonds) that DTC is incapable of discharging its duties as Securities Depository for the Bonds; or (iii) SANDAG has determined (which determination is conclusive as to DTC and the Beneficial Owners of the Bonds) that the interests of the Beneficial Owners of the Bonds might be adversely affected if such book-entry only system of registration and transfer is continued. Upon occurrence of any of the foregoing events, SANDAG shall use its best efforts to attempt to locate another qualified Securities Depository. If SANDAG fails to locate another qualified Securities Depository to replace DTC, SANDAG shall cause to be

authenticated and delivered replacement Bonds, in certificate form, to the Beneficial Owners of the Bonds. In the event that SANDAG makes the determination noted in (ii) or (iii) above (provided that SANDAG undertakes no obligation to make any investigation to determine the occurrence of any events that would permit SANDAG to make any such determination), and has made provisions to notify the Beneficial Owners of Bonds of such determination by mailing an appropriate notice to DTC and its Nominee, SANDAG shall cause to be issued replacement Bonds in certificate form to Beneficial Owners of the Bonds as shown on the records of DTC provided to SANDAG.

Whenever, during the term of the Bonds, the Beneficial Ownership thereof is determined by book-entry at DTC, (i) the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect and (ii) delivery of the Bonds and notices to Bondholders will be in accordance with arrangements among SANDAG, the Trustee and DTC notwithstanding any provision of this Indenture to the contrary.

The Trustee and SANDAG, acting by and through an Authorized Representative, are authorized to enter into a letter of representations with DTC to implement the book-entry only system of Bond registration described above and all payments of principal, Purchase Price, interest and premium, if any, shall be made in accordance with the letter of representations with DTC.

If at any time, DTC ceases to hold the Bonds in book-entry form, all references herein to DTC shall be of no further force or effect.

## ARTICLE IV

### REDEMPTION OF BONDS

**Section 401. Privilege of Redemption and Redemption Price.** Bonds subject to redemption prior to maturity pursuant to this Indenture or a Supplemental Indenture shall be redeemable, upon notice given as provided in this Article IV, at such times, at such Redemption Prices and upon such terms, in addition to the terms contained in Article IV, as may be specified in this Indenture or in the Supplemental Indenture authorizing such Series.

**Section 402. Redemption at the Election or Direction of SANDAG.** In the case of any redemption of Bonds at the election or direction of SANDAG, SANDAG shall give written notice to the Trustee of its election or direction so to redeem, of the date fixed for redemption, of the Series, and of the principal amounts and interest rates of the Bonds of each maturity of such Series to be redeemed. Such notice shall be given at least 30 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash or Defeasance Securities maturing on or before the specified redemption date which, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Bonds to be redeemed on the specified redemption date at their Redemption Price plus interest accrued and unpaid to the date fixed for redemption; such amount and moneys shall be held in a separate, segregated account for the benefit of the Owners of the Bonds so called for redemption.

**Section 403. Redemption Otherwise Than at SANDAG's Election or Direction.**

Whenever by the terms of this Indenture the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of SANDAG, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption, in accordance with the terms of Articles IV and V to the extent applicable.

**Section 404. Selection of Bonds to Be Redeemed.** Unless otherwise provided by Supplemental Indenture, if less than all of the Bonds of like maturity and interest rate of any Series shall be called for prior redemption, the particular Bonds or portion of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; *provided, however*, that the portion of any Bond of a denomination of more than the minimum Authorized Denomination for the Bonds of such Series to be redeemed shall be in the principal amount of an Authorized Denomination for the Bonds of such Series and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of said minimum Authorized Denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by said minimum Authorized Denomination. If all Bonds of any Series are Book-Entry Bonds, the particular Bonds or portions thereof of such Series to be redeemed shall be selected by the Securities Depository for such Series of Bonds in such manner as such Securities Depository shall determine.

**Section 405. Notice of Redemption.** When the Trustee shall receive notice from SANDAG of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is authorized or required pursuant to Section 403, the Trustee shall give notice, in the name of SANDAG, of the redemption of such Bonds, which notice shall specify the Series and maturities and interest rates of the Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such date fixed for redemption will be payable and, if less than all of the Bonds of any like Series and maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable the Redemption Price of each Bond to be redeemed, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of such notice by first-class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption, to the Owners of the Bonds to be redeemed at their addresses as shown on the registration books of SANDAG maintained by the Trustee. If the Trustee mails notices of redemption as herein provided, notice shall be conclusively presumed to have been given to all Owners.

With respect to an optional redemption of any Bonds, unless moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may, at the option of SANDAG, state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not

received, such notice shall be of no force and effect, SANDAG shall not redeem such Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

**Section 406. Payment of Redeemed Bonds.** Notice having been given in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to such date, and, upon presentation and surrender thereof at any place specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to such date. If there shall be called for redemption less than all of a Bond, SANDAG shall execute and the Trustee shall authenticate and the Trustee shall deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, fully registered Bonds of like Series and maturity and interest rate in any Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity and interest rate to be redeemed, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Bonds or portions thereof of such Series and maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

**Section 407. Adjustment of Sinking Fund Installments.** In the event of the optional redemption by SANDAG of less than all the Bonds of like Series and maturity and interest rate with respect to which Sinking Fund Installments have been established, the principal amount so redeemed shall be credited against the unsatisfied balance of future Sinking Fund Installments or the final maturity amount established with respect to such Bonds, in such amount and against such Sinking Fund Installments or final maturity amount as shall be determined by SANDAG in a certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such Bonds or, in the absence of such determination, shall be credited pro-rata against the applicable Sinking Fund Installments and final maturity amount.

**Section 408. Redemption of Bonds.**

(A) Optional Redemption. (i) The Series 2019A Bonds are subject, at the option of SANDAG, to redemption prior to their stated maturities on any Business Day on or after the dates set forth in the following table, as a whole or in part in Authorized Denominations, from any moneys that may be provided for such purpose and at the redemption price of 100% of the principal amount of the Series 2019A Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

Maturity  
(November [15])

Interest  
Rate

Initial Call Date  
(November [15])

(ii) The Series 2019B Bonds are subject, at the option of SANDAG, to redemption prior to their stated maturity on any Interest Payment Date as a whole or in part in Authorized Denominations, from any moneys that may be provided for such purpose and at the redemption price of 100% of the principal amount of the Series 2019B Bonds to the redeemed, plus accrued interest to the date fixed for redemption. Notwithstanding the foregoing, no Series 2019B Bonds shall be optionally redeemed under this Section 408(A)(ii) prior to the maturity or redemption in full of all Series 2019A Bonds.

(B) Redemption or Defeasance By Operation of the Redemption Account. Whenever the amount held in the Redemption Account exceeds \$1,000,000, the 2019 Bonds are subject to redemption or defeasance as provided in Section 505(C) hereof.

## ARTICLE V

### GRANT RECEIPTS AND ESTABLISHMENT OF FUNDS AND APPLICATIONS THEREOF

**Section 501. The Pledge Effected by this Indenture.** (A) There are hereby pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of this Indenture, and a lien is hereby granted for such purpose, subject only to the provisions of this Indenture permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in this Indenture, the Trust Estate, consisting of (i) the Grant Receipts, (ii) all moneys and securities and earnings thereon in all funds, accounts and subaccounts established under this Indenture (except the Rebate Fund), and (iii) the Additional Security.

(B) Pursuant to California Government Code Sections 5920 *et seq.*, the Grant Receipts, the Additional Security and the other moneys and securities hereby pledged shall immediately be subject to the lien and pledge hereof without any physical delivery or further act, and the lien and pledge hereof shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against SANDAG, irrespective of whether such parties have notice hereof.

(C) The Bonds are limited obligations of SANDAG payable solely from the Trust Estate, including Grant Receipts and Additional Security pledged for their payment in accordance with this Indenture. The Bonds are not, and shall not be or become, an indebtedness or obligation of the State or any political subdivision of the State (other than SANDAG) or of

any municipality within the State nor shall any Bond be or become an indebtedness of SANDAG within the purview of any constitutional limitation or provision.

(D) No lien upon any physical properties of SANDAG is, or shall ever be, created by this Indenture.

**Section 502. Establishment of Funds and Accounts.** SANDAG hereby establishes the Construction Fund, the Grant Receipts Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Grant Receipts Construction Fund, each of which shall be a special fund of SANDAG held in trust by the Trustee. Subject to use and application in accordance with this Indenture, all of the moneys and securities held in said funds are pledged as security for the payment of the principal of, redemption premium, if any, and interest on, the Bonds and shall be subject to the lien of this Indenture. SANDAG hereby establishes the Rebate Fund as a special fund of SANDAG held in trust by the Trustee. SANDAG hereby establishes the Interest Account, the Principal Account and the Redemption Account as special accounts within the Debt Service Fund and the Costs of Issuance Account and the Capitalized Interest Account as special accounts within the Construction Fund.

**Section 503. Construction Fund.** (A) On the date of issuance of the 2019 Bonds, the Trustee shall deposit into the Construction Fund the amount set forth in clause (i) of Section 203(H). The Trustee shall make payment of the Costs of Construction of the Project from the Construction Fund as provided in this Section and, with respect to the payment of interest on the 2019 Bonds capitalized from the proceeds of the 2019 Bonds, from the Capitalized Interest Account as provided in Section 507. The Trustee shall withdraw from the Construction Fund and deposit into the Rebate Fund the amount specified in any certificate filed with the Trustee pursuant to Section 508(B). The Trustee shall withdraw moneys from the Construction Fund to pay cost of issuance of the 2019 Bonds in accordance with the directions of SANDAG expressed in a certificate of an Authorized Officer filed with the Trustee, in the form set forth as Exhibit B. All other payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Section.

(B) The Trustee shall, during and upon completion of construction of the Project, make payments from the Construction Fund in addition to those made pursuant to subsection (B) of this Section, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this Section. Before any such payment shall be made, SANDAG shall file with the Trustee:

(1) its requisition therefor, stating in respect of each payment to be reimbursed: (a) the name of the person, firm or corporation to whom payment was due, (b) the amount to be reimbursed, and (c) in reasonable detail the purpose for which the obligation was incurred, which may in a format similar to SANDAG's monthly expenditure reports to the FTA pursuant to the Full Funding Grant Agreement; and

(2) its certificate attached to the requisitions certifying: (a) that obligations in the stated amounts have been incurred by SANDAG for the construction of the Project, and that each item thereof is a proper charge against the Construction Fund and is a proper Cost of Construction and has not been previously reimbursed, (b) that there has

not been filed with or served upon SANDAG notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition, or if any such lien, attachment or claim has been filed or served upon SANDAG, that such lien, attachment or claim has been released or discharged, (c) that such requisition contains no item representing payment on account of any retained percentages which SANDAG is at the date of such certificate entitled to retain and (d) that SANDAG expects to commence revenue operations of the Project on or before the Required Revenue Service Date, or in the alternative, that SANDAG has developed a Recovery Plan pursuant to the Full Funding Grant Agreement and is diligently taking action to carry out such Recovery Plan.

Upon receipt of each such requisition and accompanying certificates the Trustee shall transfer from the Construction Fund to SANDAG or the obligors named in such requisition an amount equal to the total of the amounts to be reimbursed as set forth in such requisition. In making such transfer, the Trustee may rely upon the representations set forth in such requisition and accompanying certificates.

(C) Upon completion or substantial completion of the Project, the Trustee shall withdraw from the Construction Fund and pay into the funds, accounts and subaccounts established under this Indenture any remaining balance in the Construction Fund, or any part thereof, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in subsection (D) of this Section. Before any such withdrawal and payment shall be made, SANDAG shall file with the Trustee its certificate certifying: (1) that the Project has been completed or substantially completed and (2) that a sum stated in the certificate is sufficient to pay, and is required to be reserved in the Construction Fund to pay, all Costs of Construction then remaining unpaid, including the estimated amount of any such items the amount of which is not finally determined and all claims against SANDAG arising out of the construction thereof. Upon receipt of such requisition and accompanying certificates, the Trustee shall withdraw from the Construction Fund the amount stated in such requisition, provided that no such withdrawal shall be made if it would reduce the amount in the Construction Fund below the amount stated in the said certificate of SANDAG as required to be reserved in the Construction Fund.

(D) Any amount withdrawn from the Construction Fund pursuant to subsection (C) of this Section shall be deposited first into the Interest Account to the extent required to increase the amount therein to the Interest Requirement for all Outstanding Bonds for the current and succeeding Federal Fiscal Year, and then into the Principal Account to the extent required to increase the amount therein to the Principal Requirement for all Outstanding Bonds for the current and succeeding Federal Fiscal Year, and any amount remaining after the foregoing deposits have been made shall be deposited into the Redemption Account.

**Section 504. Deposit and Application of Grant Receipts.** All Grant Receipts received by SANDAG shall be transferred within one Business Day to the Trustee for deposit in the Grant Receipts Fund. SANDAG may also from time to time, in its sole and absolute discretion, transfer any Additional Security to the Trustee for deposit in the Grant Receipts Fund. As soon as practicable after any such deposit, the Trustee shall make payments from the Grant Receipts Fund into the following several funds, accounts and subaccounts, but only within the limitation hereinbelow indicated with respect thereto and only after maximum payment within

such limitation into every such fund, account or subaccount previously mentioned in the following tabulation:

First: Into the Interest Account, to the extent, if any, necessary to increase the amount in the Interest Account so that it equals the Interest Requirement for all Outstanding Bonds for the current and succeeding Federal Fiscal Year.

Second: Into the Principal Account, to the extent, if any, needed to increase the amount in the Principal Account so that it equals the Principal Requirement for all Outstanding Bonds for the current and succeeding Federal Fiscal Year.

Third: Into the Debt Service Reserve Fund, to the extent, if any, needed to increase the amount in the Debt Service Reserve Fund so that it equals the Debt Service Reserve Requirement.

Fourth: To SANDAG, an amount specified by SANDAG in a certificate of an Authorized Officer filed by the Trustee as needed to reimburse a provider of a Debt Service Reserve Credit Facility for disbursements thereunder.

Fifth: Into the Rebate Fund, an amount specified by SANDAG in a certificate of an Authorized Officer filed with the Trustee pursuant to Section 508(B).

Sixth: Into the Grant Receipts Construction Fund, an amount specified by SANDAG in a certificate of an Authorized Officer filed with the Trustee pursuant to Section 509(A).

Seventh: Into the Redemption Account, any remaining amounts.

**Section 505. Debt Service Fund.** (A) The Trustee shall pay in Current Funds (i) out of the Capitalized Interest Account on or before each Interest Payment Date set forth in Section 507, the applicable amounts set forth in Section 507; (ii) out of any capitalized interest account established with respect to any other Series of Bonds, on or before each Interest Payment Date specified in the Supplemental Indenture authorizing such Series, the applicable amount set forth in such Supplemental Indenture; (iii) out of the Interest Account on or before each Interest Payment Date or redemption date, as applicable, for any of the Outstanding Bonds, the amount required for the interest payable on such date and not provided for pursuant to clause (i) or clause (ii) of this subsection; (iv) out of the Principal Account on or before each Principal Payment Date, an amount equal to the principal amount of the Outstanding Bonds, if any, which mature on such date; and (v) out of the Principal Account on or before each Principal Payment Date occasioned by redemption of Outstanding Bonds from Sinking Fund Installments, the amount required for the payment of the Redemption Price of such Outstanding Bonds then to be redeemed. The Trustee shall pay such amounts to the Owners of the Outstanding Bonds for the aforesaid purposes on the due dates thereof. The Trustee shall also pay out of the Interest Account the accrued interest included in the purchase price of Outstanding Bonds purchased for retirement.

(B) Amounts in the Principal Account available for the payment of Sinking Fund Installments shall be applied to the purchase or redemption of Bonds as provided in this subsection.

(i) Amounts deposited to the credit of the Principal Account to be used in satisfaction of any Sinking Fund Installment may, and if so directed by SANDAG shall, be applied by the Trustee, on or prior to the forty-fifth day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, to the purchase of Outstanding Bonds of the Series and maturity for which such Sinking Fund Installment was established. That portion of the purchase price attributable to accrued interest shall be paid from the Interest Account. All such purchases of Outstanding Bonds shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as SANDAG shall determine. The principal amount of any Bonds so purchased shall be deemed to constitute part of the Principal Account until the Principal Payment Date on which such Sinking Fund Installment is due, for the purpose of calculating the amount on deposit in such account.

(ii) At any time up to the forty-fifth day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, SANDAG may purchase with any available funds Outstanding Bonds for which such Sinking Fund Installment was established and surrender such Bonds to the Trustee at any time up to said date.

(iii) After giving effect to the Outstanding Bonds purchased by the Trustee and Outstanding Bonds surrendered by SANDAG as described in paragraphs (1) and (2) of this subsection (B), which shall be credited against the Sinking Fund Installment at the applicable sinking fund Redemption Price thereof, and as soon as practicable after the forty-fifth day next preceding the next Principal Payment Date on which a Sinking Fund Installment is due, the Trustee shall proceed to call for redemption on such Principal Payment Date Outstanding Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the unsatisfied portion of such Sinking Fund Installment. The Trustee shall pay, out of the Principal Account (after transfers thereto from the Debt Service Reserve Fund, if required), on or before the day preceding such redemption date, the Redemption Price required for the redemption of the Outstanding Bonds so called for redemption, to the Owners.

(iv) If the principal amount of Outstanding Bonds retired pursuant to this subsection through application of amounts in satisfaction of any Sinking Fund Installment shall exceed such Sinking Fund Installment, or in the event of the purchase or redemption from moneys other than from the Principal Account of Outstanding Bonds of any Series and maturity for which Sinking Fund Installments have been established, such excess or the principal amount of Outstanding Bonds so purchased or redeemed, as the case may be, shall be credited toward future scheduled Sinking Fund Installments either (i) in the order of their due dates or (ii) in such order as SANDAG establishes in a certificate signed by an Authorized Officer and delivered to the Trustee not more than 45 days after the payment in excess of such Sinking Fund Installment.

(C) (i) Whenever the amount held in the Redemption Account exceeds \$1,000,000, the Trustee shall notify SANDAG and apply the moneys held therein as follows:

(a) First, to the redemption of Outstanding Series 2019A Bonds then subject to optional redemption pursuant to Section 408(A) in the current or immediately succeeding Federal Fiscal Year (exclusive of any such Series 2019A Bonds maturing within 30 days or previously selected for redemption) on the first date such Series 2019A Bonds may be redeemed that is at least 60 days after such notification;

(b) Second, to the redemption of Outstanding Series 2019B Bonds (exclusive of Series 2019B Bonds previously selected for redemption) on the next Interest Payment Date that is at least 60 days after such notification; and

(c) Third, if all of the Series 2019B Bonds have been redeemed in full, to the redemption of any remaining Outstanding Series 2019A Bonds (exclusive of any such Series 2019A Bonds maturing within 30 days or previously selected for redemption), in order of maturity, on the first date such Series 2019A Bonds may be redeemed that is at least 60 days after such notification.

(ii) In connection with any redemption of 2019 Bonds pursuant to Section 505(C)(i) in a current refunding, the Trustee shall apply the amounts held in the Redemption Account to pay the Redemption Price of such 2019 Bonds called for redemption. The accrued interest on such 2019 Bonds to the date fixed for their redemption shall be paid from the Interest Account; *provided, however*, that if the amount then held in the Interest Account is not sufficient to pay such accrued interest then, at the direction of SANDAG expressed in a certificate of an Authorized Officer filed with the Trustee, such accrued interest may be paid from moneys in the Capitalized Interest Account or from moneys in the Redemption Account. The Trustee shall redeem the principal amount of such 2019 Bonds that will reduce the balance in the Redemption Account to less than \$5,000. If the amount then held in the Redemption Account is not sufficient to redeem all of the 2019 Bonds of any maturity then eligible for redemption by operation of the Redemption Account in a current refunding, then the Trustee shall proceed to select the 2019 Bonds to be redeemed by lot within such maturity. The Trustee shall file with SANDAG a notice specifying the 2019 Bonds called for redemption pursuant to this subsection and shall send notices of redemption to holders of the affected 2019 Bonds in accordance with Section 405 hereof.

(iii) In connection with any redemption of 2019 Bonds pursuant to Section 505(C)(i) in an advance refunding, the Trustee shall apply the amounts held in the Redemption Account to defease the principal amount of such 2019 Bonds that will reduce the balance in the Redemption Account to less than \$5,000. If the amount then held in the Redemption Account is not sufficient to defease all of the 2019 Bonds then Outstanding, the Trustee shall proceed to select the 2019 Bonds to be defeased from moneys then held in the Redemption Account by designating for defeasance any Outstanding Series 2019B Bonds, and thereafter, the Outstanding Series 2019A Bonds in order of maturity, and if the amount then held in the Redemption Account is not

sufficient to defease all of such 2019 Bonds of any maturity, by lot within such maturity. The Trustee shall file with SANDAG a notice specifying the 2019 Bonds defeased pursuant to this subsection. In order to effect such defeasance, either (a) moneys in an amount sufficient to effect payment of the principal and Redemption Price, if applicable, and interest due and to become due on the 2019 Bonds to be refunded or advance refunded on and prior to the redemption date or maturity date thereof, as the case may be, which moneys shall be held by the Trustee in a separate account irrevocably in trust for and assigned to the respective Owners of the 2019 Bonds to be defeased, or (b) Defeasance Securities as directed by SANDAG in such principal amounts, of such maturities, and bearing interest at such rates as shall be necessary, together with the moneys, if any, deposited with the Trustee at the same time, to comply with the provisions of Section 1201. The Trustee shall send such notices and take such other actions in connection with the defeasance of such 2019 Bonds in accordance with Section 1201 and Section 405 hereof.

(D) Moneys held in the accounts of the Debt Service Fund shall be invested as provided in Section 601(A). Investment income earned as a result of such investment shall be retained in said accounts.

(E) The amount, if any, deposited in the Interest Account from the proceeds of Bonds shall be set aside in such account and applied to the payment of the interest on the Bonds with respect to which such proceeds were deposited in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Bonds.

**Section 506. Debt Service Reserve Fund.** (A) If on any Interest Payment Date or Principal Payment Date the aggregate amount to the credit of the Debt Service Fund shall be less than the amount required to pay such interest or principal due on the Outstanding Bonds (and any other net amounts payable by SANDAG from the Interest Account pursuant to Section 205(A)(2)), the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent necessary to cure such deficiency, in the following order of priority: first, to the credit of the Interest Account and then to the credit of the Principal Account.

(B) Whenever the amount to the credit of the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, the Trustee shall withdraw the amount of any such excess from the Debt Service Reserve Fund and (i) prior to November [15], 2020, transfer such amount to the Construction Fund and (ii) on or after November [15], 2020, allocate such amount to the various funds, accounts and subaccounts in the same manner as Grant Receipts are allocated pursuant to Section 504; *provided, however*, that upon the written direction of an Authorized Officer, the Trustee shall promptly transfer all or any portion of the amount of such excess, as specified in such direction, to a refunding or defeasance escrow established pursuant to Section 1201.

(C) Whenever the amount to the credit of the Debt Service Reserve Fund (exclusive of any Debt Service Reserve Credit Facility as described in subparagraph (D)(1) of this Section) together with the amount to the credit of the Debt Service Fund, is sufficient to pay all Outstanding Bonds in accordance with their terms, the funds on deposit to the credit of the Debt Service Reserve Fund shall be transferred to the Debt Service Fund.

(D) SANDAG may satisfy the Debt Service Reserve Requirement as set forth below:

(1) Notwithstanding the requirements of this Indenture, in lieu of the deposit of cash into the Debt Service Reserve Fund SANDAG may cause to be deposited therein, a surety bond, an insurance policy, a letter of credit or other credit facility (any such instrument referred to herein as a “*Debt Service Reserve Credit Facility*”) which, in each case, shall be in an amount equal to the difference between the Debt Service Reserve Requirement and the sums then on deposit to the credit of the Debt Service Reserve Fund, if any. Any Debt Service Reserve Credit Facility deposited in the Debt Service Reserve Fund shall be payable to the Trustee for the equal and ratable benefit of all of the Owners of the Outstanding Bonds on any date on which moneys shall be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of the Principal of or interest on any Outstanding Bonds, which withdrawal cannot be met by any cash on deposit to the credit of the Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in either of the two highest rating categories by any Rating Agency, or any insurer who holds the highest policyholder ratings accorded insurers by any Rating Agency, in each case at the time such surety bond or insurance policy is obtained. The letter of credit issuer shall be a bank or trust company and any other credit facility issuer shall be a company or other legal entity which is rated in either of the two highest rating categories by any Rating Agency at the time such letter of credit is obtained. If a disbursement is made pursuant to any Debt Service Reserve Credit Facility pursuant to this subparagraph, SANDAG shall be obligated either (i) to reinstate the maximum limits of such Debt Service Reserve Credit Facility in accordance with the terms thereof or (ii) to deposit to the credit of the Debt Service Reserve Fund, funds in the amount of the disbursement made under such Debt Service Reserve Credit Facility, or a combination of such alternatives, as shall provide that the amount to the credit of the Debt Service Reserve Fund equals the Debt Service Reserve Requirement. Pursuant to a certificate of an Authorized Officer filed with the Trustee, SANDAG may direct the Trustee to withdraw amounts deposited from Grant Receipts into the Debt Service Reserve Fund to make payments necessary to reinstate the maximum limits of a Debt Service Reserve Credit Facility, which certificate may direct the use of such amounts for that purpose prior to the use for any other purpose. If disbursements have been made pursuant to more than one Debt Service Reserve Credit Facility, such payments shall be made on a pro-rata basis.

(2) If any Debt Service Reserve Credit Facility deposited with the Trustee as provided in subparagraph (1) of this subsection is withdrawn by the issuer thereof or expires and is not renewed, SANDAG shall fund the resulting deficiency with respect to the Debt Service Reserve Requirement (a) by depositing in the Debt Service Reserve Fund a new Debt Service Reserve Credit Facility meeting the requirements of subparagraph 506(D)(1) or (b) by funding the Debt Service Reserve Fund from Grant Receipts as provided in Section 504.

**Section 507. Capitalized Interest Account.** On the date of issuance of the 2019 Bonds, the Trustee shall deposit into the Capitalized Interest Account the amount set forth in

clause (ii) of Section 203(H). The moneys in the Capitalized Interest Account shall be used by the Trustee to pay the interest on the 2019 Bonds on each Interest Payment Date to and including May [15], 2020. The Capitalized Interest Account shall be invested as provided in Section 603(A). Investment income earned as a result of such investment shall be retained in the Capitalized Interest Account. Any moneys remaining in the Capitalized Interest Account after May [15], 2020 shall be transferred to the Interest Account.

**Section 508. Rebate Fund.** (A) If SANDAG shall invest the proceeds of Bonds or other moneys in any investments that generate income that must be rebated or paid to the United States of America pursuant to Section 148(f) of the Code and with respect to the Bonds, an amount equal to such income shall be deposited annually in the Rebate Fund, by January 15 of each year or as soon thereafter as possible.

(B) SANDAG shall prepare and file with the Trustee a certificate of an Authorized Officer specifying the amount to be deposited in the Rebate Fund pursuant to subsection (A) of this Section and directing the Trustee to withdraw such amount from the Construction Fund or to provide from such deposit from the application of Grant Receipts pursuant to clause Fifth of Section 504. In the absence of such direction, the Trustee shall withdraw such amount from the Construction Fund.

(C) At the direction of SANDAG expressed in a certificate of an Authorized Officer filed with the Trustee, moneys in the Rebate Fund shall be applied to pay such amounts as are required to be paid to the United States of America pursuant to Section 148(f) of the Code. The Trustee shall withdraw from the Rebate Fund and deposit into any one or more of the accounts of the Debt Service Fund the amounts stated in a certificate of an Authorized Officer filed with the Trustee and directing such withdrawal, provided that such certificate shall state that upon such withdrawal the sum remaining in the Rebate Fund will be sufficient to pay any rebate amount expected to be due the United States of America during the next ensuing twelve months with respect to the Bonds. The Trustee may rely conclusively upon SANDAG determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility independently to make any calculation or determination or to review SANDAG's calculations hereunder.

**Section 509. Grant Receipts Construction Fund.**

(A) Prior to the transfer of Grant Receipts into the Grant Receipts Construction Fund as provided in Section 504, SANDAG shall deliver to the Trustee a certificate of an Authorized Officer stating that the total amount of Grant Receipts deposited into the Grant Receipts Construction Fund will not exceed \$ \_\_\_\_\_ in the aggregate, or such greater amount, if prior to the transfer of Grant Receipts into the Grant Receipts Construction Fund as provided in Section 504, SANDAG shall deliver to the Trustee a certificate of an Authorized Officer stating that the total remaining amount SANDAG expects to receive under the Full Funding Grant Agreement, after the transfer of funds into the Grant Receipts Construction Fund, will be equal to at least 100% of the sum of (i) the principal amount of the Outstanding Bonds plus (ii) the Interest Requirement with respect to the Outstanding Bonds, assuming such Bonds are paid on their stated maturity dates, minus (iii) moneys in the Debt Service Reserve Fund and investment

earnings thereon, if such proceeds have been invested in Permitted Investments and to the extent such earnings may be determined precisely, and moneys in the Debt Service Fund.

(B) The Trustee shall, during and upon completion of construction of the Project, make payments from the Grant Receipts Construction Fund in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this Section. Before any such payment shall be made, SANDAG shall file with the Trustee:

(1) its requisition therefor, stating in respect of each payment to be reimbursed: (a) the name of the person, firm or corporation to whom payment was due, (b) the amount to be reimbursed, and (c) in reasonable detail the purpose for which the obligation was incurred, which may be in a format similar to SANDAG's monthly expenditure reports to the FTA pursuant to the Full Funding Grant Agreement; and

(2) its certificate attached to the requisitions certifying: (a) that obligations in the stated amounts have been incurred by SANDAG for the construction of the Project, and that each item thereof is a proper charge against the Grant Receipts Construction Fund and is a proper Cost of Construction and has not been previously reimbursed, (b) that there has not been filed with or served upon SANDAG notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition, or if any such lien, attachment or claim has been filed or served upon SANDAG, that such lien, attachment or claim has been released or discharged, (c) that such requisition contains no item representing payment on account of any retained percentages which SANDAG is at the date of such certificate entitled to retain and (d) that SANDAG expects to commence revenue operations of the Project on or before the Required Revenue Service Date, or in the alternative, that SANDAG has developed a Recovery Plan pursuant to the Full Funding Grant Agreement and is diligently taking action to carry out such Recovery Plan.

Upon receipt of each such requisition and accompanying certificates the Trustee shall transfer from the Grant Receipts Construction Fund to SANDAG or the obligors named in such requisition an amount equal to the total of the amounts to be paid as set forth in such requisition. In making such transfer, the Trustee may rely upon the representations made in such requisition and accompanying certificates.

**Section 510. Creation of Additional Accounts and Subaccounts.** The Trustee shall, at the written request of SANDAG, establish such additional accounts within any of the funds established under this Indenture, and subaccounts within any of the accounts established under this Indenture, as shall be specified in such written request, for the purpose of enabling SANDAG to identify or account for more precisely the sources, timing and amounts of transfers or deposits into such funds, accounts and subaccounts, the amounts on deposit in or credited to such funds, accounts or subaccounts as of any date or dates of calculation, and the sources, timing and amounts of transfers, disbursements or withdrawals from such funds, accounts or subaccounts; but the establishment of any such additional accounts or subaccounts shall not alter or modify in any manner or to any extent any of the requirements of this Indenture with respect to the deposit or use of moneys in any fund, account or subaccount established hereunder.

**Section 511. Subordinated Indebtedness.** Nothing in this Indenture shall prohibit or prevent, or be deemed or construed to prohibit or prevent, SANDAG (to the extent now or hereafter permitted by law) from issuing bonds, certificates or other evidences of indebtedness payable as to principal and interest from Grant Receipts, but only if such indebtedness is junior and subordinate in all respects to any and all Bonds issued and Outstanding under this Indenture.

## ARTICLE VI

### INVESTMENTS OF FUNDS

**Section 601. Investment of Certain Moneys.** (A) Moneys held in the Debt Service Fund and its accounts, the Debt Service Reserve Fund, the Capitalized Interest Account, the Construction Fund and the Grant Receipts Construction Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized Officer in Permitted Investments which mature no later than necessary to provide moneys when needed for payments to be made from such funds, accounts or subaccounts. If no such directions are received by the Trustee, such amounts shall be invested in money market funds described in paragraph (x) of the definition of Permitted Investments, pending receipt of investment directions. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries.

(B) Moneys held in two or more funds, accounts or subaccounts may be jointly invested in one or more Permitted Investments, provided that such investment complies with all the terms and conditions hereof relating to the investment of moneys in such funds, accounts or subaccounts, as the case may be, and SANDAG maintains books and records as to the allocation of such investment as among such funds, accounts or subaccounts. Investment income from investments held in the various funds, accounts and subaccounts shall remain in and be a part of the respective funds, accounts and subaccounts in which such investments are held, except as otherwise provided in this Indenture.

(C) SANDAG shall be responsible for all investments made under this Indenture being consistent with the expectations expressed in any tax and non-arbitrage certificate executed on behalf of SANDAG and filed with the Trustee with respect to any Series of Bonds issued under this Indenture.

**Section 602. Valuation and Sale of Investments.** (A) Permitted Investments in any fund, account or subaccount created under the provisions of this Indenture shall be deemed at all times to be part of such fund, account or subaccount and any profit realized from the liquidation of such investment shall be credited to such fund, account or subaccount and any loss resulting from liquidation of such investment shall be charged to such fund, account or subaccount.

(B) Valuations of Permitted Investments held in the funds, accounts and subaccounts established hereunder shall be made by the Trustee as often as may be necessary to determine the amounts held therein. In computing the amounts in such funds, accounts and subaccounts, Permitted Investments therein shall be valued as provided in subsection (C) of this Section.

(C) The value of Permitted Investments shall mean the fair market value thereof. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers.

(D) Except as otherwise provided in this Indenture, the Trustee at the direction of an Authorized Officer shall sell or present for redemption any Permitted Investment held in any fund, account or subaccount held by the Trustee whenever it shall be necessary to provide moneys to meet any payment or transfer from such fund, account or subaccount as the case may be. The Trustee and SANDAG shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

(E) SANDAG acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant SANDAG the right to receive brokerage confirmations of security transactions as they occur, SANDAG specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish SANDAG periodic (and not less frequently than monthly) cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

## ARTICLE VII

### PARTICULAR COVENANTS AND REPRESENTATIONS OF SANDAG

**Section 701. Authorization for Indenture.** SANDAG has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to meet the public transportation needs of the residents of the service area of SANDAG, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate such purposes of SANDAG and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the purposes of SANDAG.

**Section 702. Indenture to Constitute Contract.** In consideration of the purchase and acceptance of Bonds by those who shall hold the same from time to time, the provisions of this Indenture and any Supplemental Indenture shall be a part of the contract of SANDAG with the owners of Bonds and shall be deemed to be and shall constitute a contract between SANDAG, the Trustee, any Bond Insurer, any Credit Bank and the owners from time to time of the Bonds. SANDAG covenants and agrees with the owners of Bonds, the Trustee, any Bond Insurer and any Credit Bank that it will faithfully perform all of the covenants and agreements contained in this Indenture and in the Bonds.

**Section 703. Payment of Bonds.** Subject always to the condition that any obligation of SANDAG hereunder shall only be payable from Grant Receipts and other moneys, securities and funds pledged pursuant to this Indenture, SANDAG shall duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

**Section 704. Extension of Payment of Bonds.** If the maturity of any Bond or installment of interest shall be extended pursuant to the written consent of the Owner thereof, such Bond or installment of interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or to payment out of Grant Receipts or the funds, accounts and subaccounts established by this Indenture (except the Rebate Fund) or moneys held by the Trustee (except moneys held in trust for the payment of such Bond or installment of interest) until the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of SANDAG to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

**Section 705. Further Assurance.** At any and all times SANDAG shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming, all and singular, the rights, Grant Receipts and other moneys, securities and funds hereby pledged or assigned, or which SANDAG may become bound to pledge or assign.

**Section 706. Power to Issue Bonds and Pledge Grant Receipts.** SANDAG is duly authorized under all applicable laws to issue the Bonds and to execute and deliver this Indenture and to pledge the Grant Receipts and other moneys, securities and funds pledged by this Indenture and to grant the lien granted by this Indenture thereon in the manner and to the extent provided in this Indenture. The Grant Receipts and other moneys, securities and funds so pledged, and subject to such lien, are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created by this Indenture, and all action on the part of SANDAG to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be valid and legally enforceable obligations of SANDAG in accordance with their terms and the terms of this Indenture, except to the extent enforceability may be limited by bankruptcy, insolvency and other laws affecting conditions, rights or remedies and the availability of equitable remedies generally. SANDAG covenants that upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and laws of the State of California and this Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed. SANDAG shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of and lien on the Grant Receipts and other moneys, securities and funds pledged under this Indenture and all the rights of the Owners under this Indenture against all claims and demands.

**Section 707. Indebtedness and Liens.** SANDAG shall not issue any bonds or other evidences of indebtedness, other than the Bonds and Subordinated Indebtedness, which are secured by a pledge of or lien on the Grant Receipts or the moneys, securities or funds held or set aside by SANDAG or by the Trustee under this Indenture, and shall not, except as expressly authorized in this Indenture, create or cause to be created any lien or charge on the Grant Receipts or such moneys, securities or funds; *provided, however*, that nothing contained in this Indenture shall prevent SANDAG from issuing evidences of indebtedness payable from, or secured by the pledge of, Grant Receipts to be received on and after such date as the pledge of

Grant Receipts provided in this Indenture shall be discharged and satisfied as provided in Section 1201.

**Section 708. Construction of Project.** SANDAG shall forthwith proceed to complete the construction of the Project in conformity with the Full Funding Grant Agreement and all requirements of all governmental authorities having jurisdiction, and in accordance with and as more fully shown on the plans therefor, and the specifications relative thereto, subject to such modifications of such plans and specifications as may be approved from time to time by SANDAG and which are permitted under the provisions of the Full Funding Grant Agreement.

**Section 709. Payment of Lawful Charges.** SANDAG shall pay or cause to be discharged, or will make adequate provision to satisfy and discharge, all judgments and court orders, and all lawful claims and demands for labor, materials, supplies or other objects which, if unsatisfied or unpaid, might by law become a lien upon the Grant Receipts; *provided, however*, that nothing in this Section contained shall require SANDAG to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

**Section 710. Full Funding Grant Agreement.** SANDAG shall comply with all of the provisions of the Full Funding Grant Agreement so as to preserve at all times its right to receive Grant Receipts. SANDAG shall file promptly with the Trustee a copy of the Full Funding Grant Agreement and each amendment thereof or supplement thereto. SANDAG shall not unilaterally terminate, or enter any agreement to terminate, the Full Funding Grant Agreement. SANDAG will promptly request any payment for costs or any reimbursement for costs to which SANDAG is entitled under the Full Funding Grant Agreement. SANDAG will pay over to the Trustee within one Business Day all Grant Receipts for application in accordance with this Indenture.

**Section 711. Accounts and Reports.** SANDAG shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project, the Grant Receipts and the funds, accounts and subaccounts established by this Indenture and any Supplemental Indenture, and which, shall at all reasonable times be available for the inspection of the Trustee and the Owners of not less than 25 percent in principal amount of Outstanding Bonds or their representatives duly authorized in writing. SANDAG further covenants that it will keep an accurate record of the Grant Receipts received and of the payment thereof to the Trustee.

**Section 712. Tax Covenants.**

(A) Special Definitions. When used in this Section, the following terms have the following meanings:

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Yield” of

- (i) any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and
- (ii) the Bonds has the meaning set forth in section 1.148-4 of the Tax Regulations.

(B) Not to Cause Interest to Become Taxable. SANDAG shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, would cause the interest on any of the Bonds to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until SANDAG receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, SANDAG shall comply with each of the specific covenants in this Section.

(C) No Private Use or Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, SANDAG shall at all times prior to the payment and cancellation of the last Bond to be paid and canceled:

(1) use its best efforts to ensure that SANDAG or a related local governmental entity exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application

within the jurisdiction of SANDAG or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(D) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, SANDAG shall not use Gross Proceeds of any Bond to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (a) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (b) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (c) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(E) Not to Invest at Higher Yield. Except as would not cause any Bond to become an “arbitrage bond” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, SANDAG shall not at any time prior to the final maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of such Bond within the meaning of said section 148.

(F) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, SANDAG shall not take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(G) Information Report. SANDAG shall timely file any information required by section 149(e) of the Code with respect to the Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(H) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations and rulings thereunder:

(1) SANDAG shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least eight years after the day on which the last Bond is discharged. However, to the extent permitted by law, SANDAG may commingle Gross Proceeds of the Bonds with its other money, provided that SANDAG separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, SANDAG shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. SANDAG shall maintain a copy of the

calculation with its official transcript of proceedings relating to the issuance of the Bonds until eight years after the final Computation Date.

(3) In order to assure the excludability of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, SANDAG shall pay or cause the Trustee to pay on its behalf to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by SANDAG at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T prepared by SANDAG or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by SANDAG.

(4) SANDAG shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (i) and (ii) above, and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Tax Regulations.

(I) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, SANDAG shall not, at any time prior to the final maturity of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (H) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party.

(J) Bonds Not Hedge Bonds.

(i) SANDAG represents that the Bonds neither are nor will become "hedge bonds" within the meaning of section 149(g) of the Code.

(ii) Without limitation of paragraph (I) above, with respect to the Bonds, (A) on the date of issuance of the Bonds, SANDAG reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(K) Elections. SANDAG hereby directs and authorizes any Authorized Officer to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Authorized Officer (after consultation with Bond Counsel) deems necessary

or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

Notwithstanding any provision of this Section 712, if SANDAG shall receive a written opinion of Bond Counsel to the effect that any action required under this Section 712 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 Bonds pursuant to section 103 of the Code, SANDAG 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 713. Continuing Disclosure.** SANDAG hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of SANDAG to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Owner or beneficial owner of 2019 Bonds may take such actions, as provided in the Continuing Disclosure Agreement, as may be necessary and appropriate to cause SANDAG to comply with its obligations under the Continuing Disclosure Agreement.

**Section 714. FTA Funds.** (A) SANDAG shall comply with all applicable laws of the United States of America and regulations of the FTA relating to the administration and disbursement of federal funds under 49 United States Code Section 5309 that are to be provided for the Project in order to at all times facilitate the prompt receipt by SANDAG of Full Funding Grant Receipts. All of such moneys constituting Grant Receipts, when received by SANDAG, shall be deposited promptly with the Trustee.

(B) SANDAG shall use its best efforts to obtain or cause to be available for the funding of costs of the Project and related financing costs, all moneys identified under Attachment 3 of the Full Funding Grant Agreement.

## ARTICLE VIII

### REMEDIES OF OWNERS

**Section 801. Events of Default.** Each of the following events is hereby declared an “*Event of Default*”:

(1) if a default shall occur in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(2) if a default shall occur in the due and punctual payment of interest on any Bond, when and as such interest shall become due and payable;

(3) if a default shall occur in the performance or observance by SANDAG of any other of the covenants, agreements or conditions in this Indenture or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to SANDAG by the Trustee or after written notice thereof to SANDAG and to the

Trustee by the Owners of not less than a majority in principal amount of the Outstanding Bonds; or

(4) if SANDAG shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State of California.

**Section 802. Accounting and Examination of Records after Event of Default.** (A) SANDAG covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of SANDAG and all other records relating to the Grant Receipts shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(B) SANDAG covenants that if an Event of Default shall have happened and shall not have been remedied, SANDAG, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all and other moneys, securities and funds held by SANDAG pursuant to the terms of this Indenture for such period as shall be stated in such demand.

**Section 803. Application of Grant Receipts and Other Moneys after Event of Default.** (A) SANDAG covenants that if an Event of Default shall happen and shall not have been remedied, SANDAG, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by SANDAG in any fund, account or subaccount pursuant to the terms of this Indenture, and (ii) all Grant Receipts as promptly as practicable after receipt thereof.

(B) During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, funds and Grant Receipts and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it pursuant to this Article;

(2) to the payment of the principal of, Redemption Price of and interest on the Bonds then due, as follows:

First: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on

any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(C) If and whenever all overdue installments of principal and Redemption Price of and interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by SANDAG under this Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all Bonds held by or for the account of SANDAG, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to SANDAG all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of this Indenture to be deposited or pledged, with the Trustee), and thereupon SANDAG, the Trustee and the Owners shall be restored, respectively, to their former positions and rights under this Indenture. No such payment over to SANDAG by the Trustee nor such restoration of SANDAG and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

**Section 804. Proceedings Brought by Trustee.** (A) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than a majority in principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under this Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against SANDAG as if SANDAG were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Indenture.

(B) All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee shall be brought in its name.

(C) All actions against SANDAG under this Indenture shall be brought in a state or federal court located in the County of San Diego, California.

(D) The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, *provided* that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding

so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

(E) Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(F) Regardless of the happening of an Event of Default, the Trustee shall have power, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under this Indenture and to preserve or protect its interests and the interest of the Owners.

**Section 805. Restriction on Owners' Action.** (A) No Owner of any Bond shall have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of this Indenture or the execution of any trust under this Indenture or for any remedy under this Indenture, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in this Indenture or by the laws of the State of California or to institute such suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or failed to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by this Indenture or to enforce any right under this Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and for the equal benefit of all Owners of the Outstanding Bonds, subject only to the provisions of Section 703.

(B) Nothing in this Indenture or in the Bonds contained shall affect or impair the obligation of SANDAG, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce such payment of its Bond from the sources provided herein.

**Section 806. Remedies Not Exclusive.** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of the execution and delivery of this Indenture.

**Section 807. Effect of Waiver and Other Circumstances.** (A) No delay or omission of the Trustee or any Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or be an acquiescence therein.

(B) The Owners of not less than two-thirds in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized may on behalf of the Owners of all of the Bonds waive any past default under this Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 808. Notice of Event of Default.** The Trustee shall promptly mail written notice of the occurrence of any Event of Default to the Owners of the Bonds.

**Section 809. [reserved].**

## ARTICLE IX

### CONCERNING THE TRUSTEE

**Section 901. Trustee; Appointment and Acceptance of Duties.** The Trustee hereby accepts and agrees to the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which SANDAG agrees and the respective Owners of the Bonds, by their purchase and acceptance thereof, agree. Except during the continuance of an Event of Default, the Trustee undertakes such duties and only such duties as are specifically set forth in this Indenture.

**Section 902. Responsibilities of Trustee.** (A) The recitals of fact herein and in the Bonds contained shall be taken as the statements of SANDAG and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and the Trustee shall incur no liability in respect thereof. The Trustee shall, however, be responsible for any representation contained in its certificate on the Bonds. The Trustee shall be under no responsibility or duty with respect to the application of any moneys paid to SANDAG. The Trustee shall be under no obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (B) of this Section, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty. The Trustee shall not be responsible for the recording or re-recording, filing or re-filing of this Indenture, or any supplement or amendment thereto, or the filing of financing statements, or for the validity of the execution by SANDAG of this Indenture, or of any supplemental indentures or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof.

The Trustee may (but shall be under no duty to) require of SANDAG full information and advice as to the performance of the covenants, conditions and agreements in this Indenture and shall make its best efforts, but without any obligation, to advise SANDAG of any impending default known to the Trustee.

(B) In case an Event of Default has occurred and has not been remedied or waived, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall 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. Any provision of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Article.

(C) Before taking any action under this Indenture relating to an event of default or in connection with its duties under this Indenture other than making payments of principal and interest on the Bonds as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(D) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture; provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (ii) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions and (iii) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

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

(F) No provision of this Indenture shall obligates 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.

(G) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

(H) The Trustee may consult with counsel, who may be counsel of or to SANDAG, 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.

**Section 903. Evidence on Which Trustee May Act.** (A) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion (including any Counsel's Opinion), bond or other paper or document furnished to it pursuant to and conforming to the requirements of this Indenture, and believed by it to be genuine and to have been signed or presented by the proper party or parties.

(B) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless this Indenture specifically requires other evidence thereof) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(C) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished by SANDAG to the Trustee shall be sufficiently executed if signed by an Authorized Officer.

**Section 904. Compensation.** Unless otherwise determined by agreement between SANDAG and the Trustee, SANDAG shall pay the Trustee from time to time reasonable compensation for services rendered under this Indenture, as well as pay and/or reimburse the Trustee for the reasonable fees and expenses related to extraordinary services rendered by the Trustee, including without limitation reasonable fees and expenses of the Trustee's counsel. Upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of principal of, or premium, if any, or interest on, any Bond for the foregoing fees and expenses incurred; provided, that in no event shall the Trustee have any such prior right of payment or claim therefor against any moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds, which are deemed to have been paid in accordance with Section 1201.

SANDAG covenants and agrees, to the extent authorized by law, to indemnify and save the Trustee harmless against any losses, expenses (including legal fees and expenses) and liabilities which they may incur arising out of or in the exercise and performance of their powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding liabilities which are due to the negligence or willful misconduct of the indemnified party.

**Section 905. Certain Permitted Acts.** The Trustee may become the Owner of any Bonds, with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers and shall not be answerable for the conduct of the same if appointed with due care hereunder, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver, or employee retained or employed by it in connection herewith. The Trustee may act upon the opinion or

advice of an attorney or accountant selected by it in the exercise of reasonable care or, if selected or retained by SANDAG, approved by the Trustee in the exercise of such care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of SANDAG pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

**Section 906. Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by this Indenture by giving not less than 60 days' written notice to SANDAG, all Owners of the Bonds, and each Credit Bank and Bond Insurer, if any, and such resignation shall take effect upon the day specified in such notice but only if a successor shall have been appointed by SANDAG or the Owners as provided in Section 910, in which event such resignation shall take effect immediately on the appointment of such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee shall not have been appointed within a period of 60 days following the giving of notice, then the Trustee shall be authorized to petition any court of competent jurisdiction to appoint a successor Trustee as provided in Section 910 hereof.

**Section 907. Removal of Trustee.** The Trustee may be removed at any time by an instrument in writing delivered to the Trustee and signed by SANDAG; provided, however, that if an Event of Default shall have occurred and be continuing, the Trustee may be so removed by SANDAG only with the written concurrence of the Owners of a majority in principal amount of Bonds then Outstanding. The Trustee may be removed at any time by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of SANDAG, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys-in-fact duly authorized, and delivered to SANDAG. Copies of each such instrument shall be delivered by SANDAG to the Trustee.

**Section 908. Appointment of Successor Trustee.** (A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer or court shall take charge or control of the Trustee, or of its property or affairs, SANDAG shall appoint a successor Trustee. SANDAG shall cause notice of any such appointment by it made to be mailed to all Owners of the Bonds.

(B) If no appointment of the Trustee shall be made by SANDAG pursuant to the provisions of subsection (A) of this Section, the Owner of any Bond Outstanding hereunder may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association, doing business and having a corporate trust office in the State of California, and having capital stock and surplus aggregating at least \$500,000,000, if there be such a bank or trust company or national banking

association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

**Section 909. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to SANDAG, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee; but the predecessor Trustee shall nevertheless, on the written request of SANDAG or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurances and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all its right, title and interest in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument from SANDAG be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, such deed, conveyance or instrument shall be executed, acknowledged and delivered by SANDAG.

**Section 910. 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 all or substantially all of the corporate trust business of the Trustee may be sold or transferred, shall be the successor to the Trustee and be bound to the obligations and duties of the Trustee hereunder without the execution or filing of any paper or the performance of any further act, unless such successor delivers written notice of its resignation pursuant to the provisions of this Article; *provided, however,* that such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Indenture.

**Section 911. Adoption of Authentication.** In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in its own name.

**Section 912. Trustee Not Deemed to Have Notice of Default.** The Trustee shall not be deemed to have notice of any default hereunder except a Bond payment default under clause (1) or (2) of Section 801 or the failure of SANDAG to file with the Trustee any document required by this Indenture unless any officer in its corporate trust office shall have actual knowledge thereof or the Trustee shall be specifically notified in writing of such default by SANDAG or by the Owners of not less than a majority in principal amount of the Bonds Outstanding; and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the corporate trust office of the Trustee.

**Section 913. Monthly Reports by Trustee.** Within 15 days after the end of each calendar month, the Trustee shall prepare a written report for each fund, account and subaccount

held by it pursuant to the provisions of this Indenture. Such report shall set out the receipts and disbursements, both principal and income, and shall list the Permitted Investments held by the Trustee at the end of the month. A copy of each such report shall be furnished to SANDAG and any persons designated by SANDAG. In addition, the Trustee shall, at any time when requested, including, without limitation, any request at the time of the resignation of the Trustee, furnish to SANDAG and any persons designated by SANDAG a report of the amount of moneys, including Permitted Investments, held in each fund, account or subaccount by the Trustee. For purposes of this certification, the Permitted Investments in each such fund, account and subaccount shall be treated as having a value equal to their aggregate market value as of the date of the request.

## ARTICLE X

### SUPPLEMENTAL INDENTURES

**Section 1001. Supplemental Indentures Not Requiring Consent of Owners.** SANDAG and the Trustee may without the consent of, or notice to, any of the Owners, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (1) to authorize Refunding Bonds and to specify, determine or authorize any matters and things concerning any such Bonds which are not contrary to or inconsistent with this Indenture;
- (2) to close this Indenture against, or impose additional limitations or restrictions on, the issuance of Bonds, or of other notes, bonds, obligations or evidences of indebtedness;
- (3) to impose additional covenants or agreements to be observed by SANDAG;
- (4) to impose other limitations or restrictions upon SANDAG;
- (5) to surrender any right, power or privilege reserved to or conferred upon SANDAG by this Indenture;
- (6) to confirm, as further assurance, any pledge of or lien upon the Grant Receipts or any other moneys, securities or funds;
- (7) authorize the issuance of Subordinated Indebtedness and in connection therewith, specify and determine any matters and things relative thereto which are not contrary to or inconsistent with this Indenture as then in effect;
- (8) to cure any ambiguity, omission or defect in this Indenture;
- (9) to provide for the appointment of a successor securities depository in the event any Series of Bonds is held in book-entry only form;
- (10) to provide for the appointment of any successor Trustee; and

(11) to make any other change does not materially and adversely affect the interests of the Owners.

**Section 1002. Supplemental Indentures Effective upon Consent of Owners.** Any Supplemental Indenture not effective in accordance with Section 1001 shall take effect only if permitted and approved and in the manner prescribed by Article XI.

**Section 1003. Filing of Counsel's Opinion.** Each Supplemental Indenture described in Section 1001 shall be accompanied, when filed with the Trustee, by a Counsel's Opinion to the effect that such Supplemental Indenture has been duly authorized by SANDAG in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and, when executed and delivered, will be valid and binding upon SANDAG, the Owners and the Trustee.

## ARTICLE XI

### AMENDMENTS

**Section 1101. Mailing.** Any provision in this Article for the mailing of a notice or other information to Owners shall be fully complied with if it is mailed by first class mail, postage prepaid or delivered only to each Owner of Bonds then Outstanding at its address, if any, appearing upon the registration books of SANDAG kept by the Trustee.

**Section 1102. Powers of Amendment.** Except for Supplemental Indentures described in Section 1001, any modification or amendment of this Indenture and of the rights and obligations of SANDAG and of the Owners of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture with the written consent given as provided in Section 1103 hereof (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not the rights of the Owners of Bonds of any particular Series or maturity would be adversely affected or diminished by any such modification or amendment, and its determination shall be binding and conclusive on SANDAG and all Owners of the Bonds.

**Section 1103. Consent of Owners.** SANDAG may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 1102, to take effect when and as provided in this Section. Subject to the provisions of Section 1208, the rights of the Owner of an Insured Bond to take any action pursuant to this Section 1103 are abrogated and the Bond Insurer may exercise the rights of the Owner of any Insured Bond that is entitled to the benefits of the Bond Insurance Policy issued by the Bond Insurer for the purpose of any approval, request, demand, consent, waiver or other instrument of similar purpose pursuant to any provision of this Section. Upon the authorization of such Supplemental Indenture, a copy thereof shall be delivered to and held by the Trustee for the inspection of the Owners. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to the Owners, but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as in this Section provided. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (i) the written consents of the Owners of the required principal amount of Outstanding Bonds, and (ii) a Counsel's Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by SANDAG in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and, when effective, will be valid and binding upon SANDAG, the Owners and the Trustee, and (b) a notice shall have been mailed as hereinafter in this Section provided. A certificate or certificates by the Trustee delivered to SANDAG that consents have been given by the Owners of the Bonds described in such certificate or certificates of the Trustee shall be conclusive. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor whether or not such subsequent Owner has notice thereof; *provided, however*, that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement hereafter in this Section referred to is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The fact that a consent has not been revoked may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with it. Any consent, or revocation thereof, may be delivered or filed prior to any mailing or publication required by this Article and shall not be deemed ineffective by reason of such prior delivery or filing. Within 30 days of any date on which the consents on file with the Trustee and not theretofore revoked shall be sufficient under this Section, the Trustee shall make and deliver to SANDAG a written statement that the consents of the Owners of the required principal amount of Outstanding Bonds have been filed with the Trustee. Such written statement shall be conclusive that such consents have been so filed. Any time thereafter notice, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required principal amount of Outstanding Bonds and will be effective as provided in this Section, shall be given by mailing to the Owners (but failure to mail such notice or any defect therein shall not prevent such Supplemental Indenture from becoming effective and binding). The Trustee shall deliver to SANDAG proof of the mailing of such notice. A record, consisting of the information required or permitted by this Section to be delivered by or to the Trustee, shall be proof of the matters therein stated.

**Section 1104. [reserved].**

**Section 1105. Exclusion of Bonds.** Bonds owned or held by or for the account of SANDAG shall not be deemed Outstanding and shall be excluded for the purpose of any calculation required by this Article. At the time of any consent or other action taken under this Article, SANDAG shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, identifying all Bonds so to be excluded.

**Section 1106. Notation on Bonds.** Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by SANDAG and the Trustee as to such action, and upon demand of the Owner of any Bond Outstanding at such effective date and presentation of its Bond to the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If SANDAG or the Trustee shall so determine, new Bonds so modified which, in the opinion of the Trustee and SANDAG, conform to such action may be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Owner, for such Bond then Outstanding.

## ARTICLE XII

### MISCELLANEOUS

**Section 1201. Defeasance.** (A) If SANDAG shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then the pledge of any Grant Receipts and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of SANDAG to the Owners shall thereupon be discharged and satisfied. In such event, the Trustee, upon request of SANDAG, shall provide an accounting of the assets managed by the Trustee to be prepared and filed with SANDAG for any year or part thereof requested, and shall execute and deliver to SANDAG all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to SANDAG all moneys and securities held by them pursuant to this Indenture which are not required for the payment of Bonds not previously surrendered for such payment or redemption. If SANDAG shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, maturity within a Series or portion of any maturity within a Series (which portion shall be selected by lot by the Trustee in the manner provided in Section 404 for the selection of Bonds to be redeemed in part), the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and all covenants, agreements and obligations of SANDAG to the Owners of such Bonds and to the Trustee shall thereupon be discharged and satisfied.

(B) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of and with the effect expressed in this Section 1201 if SANDAG shall have delivered to or deposited with the Trustee (i) irrevocable instructions to pay or redeem all of said Bonds in specified amounts no less than

the respective amounts of, and on specified dates no later than the respective due dates of, their principal, (ii) irrevocable instructions to publish or mail the required notice of redemption of any Bonds so to be redeemed, (iii) either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (iv) if any of said Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all Owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. In connection with any such redemption, SANDAG shall cause to be delivered a verification report of an independent, nationally recognized certified public accountant regarding the cash flow sufficiency of the deposit. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling. The Defeasance Securities and moneys deposited with the Trustee pursuant to this Section shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Defeasance Securities or interest thereon shall be withdrawn or used for any purpose other than the payment of such principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Securities so held shall be sufficient, as verified by an independent, nationally recognized certified public accountant, to provide fully for the payment of the principal of or Redemption Price and interest on such Bonds, at maturity or upon redemption, as the case may be.

(C) Amounts deposited with the Trustee for the payment of the principal of and interest on any Bonds deemed to be paid pursuant to this Section 1201, if so directed by SANDAG, shall be applied by the Trustee to the purchase of such Bonds in accordance with this subsection. Bonds for which a redemption date has been established may be purchased on or prior to the forty-fifth day preceding the redemption date. The principal amount of Bonds to be redeemed shall be reduced by the principal amount of Bonds so purchased. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. All such purchases shall be made at prices not exceeding the applicable principal amount or Redemption Price established pursuant to subsection (B) of this Section 1201, plus accrued interest, and such purchases shall be made in such manner as SANDAG shall determine. No purchase shall be made by the Trustee pursuant to this subsection if such purchase would result in the Trustee holding less than the moneys and Defeasance Securities required to be held for the payment of all other Bonds deemed to be paid pursuant to this Section 1201, as verified by an independent, nationally recognized certified public accountant.

(D) SANDAG may purchase with any available funds any Bonds deemed to be paid pursuant to this Section 1201 in accordance with this subsection. Bonds for which a redemption date has been established may be purchased by SANDAG on or prior to the forty-fifth day preceding the redemption date. On or prior to the forty-fifth day preceding the redemption date SANDAG shall give notice to the Trustee of its intention to surrender such Bonds on the redemption date. The Trustee shall proceed to call for redemption the remainder of the Bonds due on the redemption date and shall pay to SANDAG on the redemption date the Redemption Price of and interest on such Bonds upon surrender of such Bonds to the Trustee. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. The Trustee shall pay to SANDAG the principal amount of and interest on such Bonds upon surrender of such Bonds on the maturity date.

(E) Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when such Bonds become due and payable, shall be repaid by the Trustee to SANDAG, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to SANDAG for the payment of such Bonds.

**Section 1202. Evidence of Signatures of Owners and Ownership of Bonds.** (A) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Owner or its attorney of such instruments may be proved by a guarantee of the signature thereon by a bank, national banking association or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instruments acknowledged to that person the execution thereof, or by an affidavit of witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the registration book maintained by the Trustee.

(B) Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by SANDAG or the Trustee in accordance therewith.

**Section 1203. Moneys Held for Particular Bonds.** The amounts held by the Trustee for the payment of interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

**Section 1204. Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture, shall be retained in its possession and shall be subject at all reasonable times with reasonable notice to the inspection of SANDAG, any other Trustee, and any Owner and their agents and their representatives, any of whom may make copies thereof.

**Section 1205. Cancellation and Destruction of Bonds.** All Bonds paid or redeemed, either at or before maturity, and all mutilated Bonds surrendered pursuant to Section 307, shall be delivered to the Trustee when such payment or redemption is made or upon surrender, as the case may be, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be delivered to SANDAG and the other retained by the Trustee.

**Section 1206. Parties Interested Herein.** (A) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than SANDAG, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of SANDAG shall be for the sole and exclusive benefit of SANDAG, the Trustee, any Bond Insurer, any Credit Bank and the Owners of the Bonds.

(B) To the extent that this Indenture confers upon and gives or grants to a Bond Insurer any right, remedy or claim under or by reason of this Indenture, such Bond Insurer is explicitly recognized as being a third party beneficiary under this Indenture and, subject to the provisions of Section 721 and Section 1208, may enforce any such right, remedy or claim conferred, given or granted under this Indenture.

**Section 1207. No Recourse on the Bonds.** (A) No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Indenture against any past, present or future member of the Board, officer, employee or agent of SANDAG, or any successor, public body or any person executing the Bonds, either directly or through SANDAG, under any rule of law or equity, statute or constitution or otherwise, and all such liability of any such officers, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of the Bonds.

(B) No member of the Board, officer, agent or employee of SANDAG shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds; but nothing herein contained shall relieve any such officer, director, agent or employee from the performance of any official duty provided by law.

(C) All covenants, stipulations, obligations and agreements of SANDAG contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of SANDAG to the full extent authorized and permitted by the Constitution and laws of the State of California, and no covenants, stipulations, obligations or agreements contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Board, officer, agent or employee of SANDAG in his or her individual capacity, and no officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issue thereof. No member of the Board, officer, director, agent or employee of SANDAG shall incur any personal liability in acting or proceeding or in not acting or not proceeding in accordance with the terms of this Indenture.

**Section 1208. Successors and Assigns.** Whenever in this Indenture SANDAG is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Indenture contained by or on behalf of SANDAG shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

**Section 1209. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Indenture on the part of SANDAG or the Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

**Section 1210. Notices.** Any notice, demand, direction, request or other instruments authorized or required by this Indenture to be given to, delivered to or filed with SANDAG or the Trustee shall be deemed to have been sufficiently given, delivered or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested:

To SANDAG, if addressed to: San Diego Association of Governments  
401 B Street, Suite 800  
San Diego, California 92101  
Attention: Andre Douzjian, Director of Finance

to such other address as may be designated in writing by SANDAG to the Trustee; and

To the Trustee, if addressed to: \_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

or at such other address as may be designated in writing by the Trustee to SANDAG.

**Section 1211. Construction.** This Indenture and all Supplemental Indentures shall be construed in accordance with the provisions of the laws of the State of California.

**Section 1212. Headings Not a Part of this Indenture.** Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this Indenture, nor do they affect its meaning, construction or effect.

**Section 1213. Multiple Counterparts.** This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

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

SAN DIEGO ASSOCIATION OF  
GOVERNMENTS

By \_\_\_\_\_  
Executive Director

Countersigned:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

By \_\_\_\_\_  
General Counsel

\_\_\_\_\_,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**FORM OF 2019 BOND**

No. R-1

\$ \_\_\_\_\_

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

**SAN DIEGO ASSOCIATION OF GOVERNMENTS  
CAPITAL GRANT RECEIPTS REVENUE BOND  
(MID-COAST CORRIDOR TRANSIT PROJECT)  
SERIES 2019[A][B]**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	November [15], _____	_____, 2019	_____

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

The SAN DIEGO ASSOCIATION OF GOVERNMENTS, a public entity, duly organized and existing under and pursuant to the laws of the State of California (the “SANDAG”), for value received, hereby promises to pay (but only out of the sources hereinafter provided) to the Registered Owner identified above or registered assigns, upon presentation and surrender hereof, the Principal Amount identified above on the Maturity Date specified above, unless this Bond shall have been previously called for redemption and payment of the redemption price shall have been duly made or provided for, and to pay (but only out of the sources hereinafter provided) interest on said Principal Amount at the rate per annum specified above from the later of the Dated Date of this Bond or the most recent date to which interest has been paid or provided for. Interest on this Bond (computed on the basis of a 360-day year consisting of twelve 30-day months) is payable on May [15] and November [15] of each year, commencing November [15], 2019, until the payment in full of such Principal Amount, except as provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto.

The principal and Redemption Price of the Bonds shall be payable at the designated corporate trust offices of the Trustee, in the [City of Los Angeles], California, or such other

offices as designated by the Trustee. Interest on the Bonds shall be payable by check or bank draft mailed on the applicable Interest Payment Date or delivered by the Trustee to the Owners as the same appear on the registration books of SANDAG maintained by the Trustee as of the Record Date or, at the option of any Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, by wire transfer of Current Funds to such bank in the continental United States as said Owner shall request in writing to the Trustee not later than 15 days prior to the applicable Interest Payment Date.

The Bonds are limited obligations of the SANDAG payable solely from the Grant Receipts and the moneys, securities and funds pledged to the payment of the Bonds under the Indenture. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR THE COUNTY OF SAN DIEGO OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OTHER THAN SANDAG TO THE EXTENT OF THE AMOUNTS PLEDGED UNDER THE INDENTURE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

This Bond is one of a duly authorized issue of San Diego Association of Governments Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), Series 2019[A][B] (the "Bonds") in the aggregate principal amount of \$ \_\_\_\_\_, issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of California, particularly Sections 132370.1 *et seq.* of the California Public Utilities Code (the "Act"), and a Trust Indenture, dated as of \_\_\_\_\_ 1, 2019 (the "Indenture"), by and between SANDAG and the Trustee, for the purpose of raising moneys to finance a portion of the costs of the design and construction of an extension of the San Diego Trolley Blue Line from the Santa Fe depot in downtown San Diego, California, north to the UTC Transit Center in University City, California, known as the Mid-Coast Corridor Transit Project (the "Project") in anticipation of the receipt of certain grants expected to be received from the United States of America, acting through the Department of Transportation, Federal Transit Administration. As provided in the Indenture, the principal or redemption price of and interest on the Bonds are payable from and secured by a pledge of and lien on the Grant Receipts as defined and described in the Indenture and amounts on deposit in certain Funds, Accounts and Sub-Accounts established pursuant to the Indenture. Pursuant to the Indenture and concurrently with the issuance of the Bonds, SANDAG issued \$ \_\_\_\_\_ principal amount of its Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project) Series 2019[A][B] (the "Series 2019[A][B] Bonds"), which are payable from and secured by a pledge of and lien on the Grant Receipts on a parity with the Bonds. The Indenture provides that Refunding Bonds may be issued from time to time in the future on a parity with the Bonds and the Series 2019[A][B] Bonds to share ratably and equally in the Grant Receipts upon compliance with certain requirements contained in the Indenture.

Copies of the Indenture are on file at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of SANDAG, the Trustee and the Registered Owners of the Bonds and the terms upon which the Bonds may be issued and secured.

This Bond is transferable, as provided in the Indenture, only upon the registration books of SANDAG maintained by the Trustee by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender hereof with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new registered Bond or Bonds, in the same aggregate principal amount, maturity and

interest rate, shall be issued to the transferee. SANDAG and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are issuable in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. Subject to the conditions and upon the payment of the charges (if any) provided in the Indenture, the Bonds may be surrendered (accompanied by a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or its duly authorized attorney) in exchange for an equal aggregate principal amount of the Bonds of the same maturity and interest rate of any other authorized denominations.

The Trustee shall not be required to make any registration, transfer or exchange of any Bond during the period after such Bond has been called for redemption or, in the case of any proposed redemption of the Bonds, during the 15 days next preceding the date of first giving of notice of such redemption.

[The Bonds are subject, at the option of SANDAG, to redemption prior to their stated maturities on any date on or after the dates set forth in the following table, as a whole or in part in Authorized Denominations, from any moneys that may be provided for such purpose and at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.]

Maturity (November [15])	Interest Rate	Initial Call Date (November [15])
-----------------------------	------------------	--------------------------------------

The Bonds are subject to redemption or defeasance from amounts held in the Redemption Account under the terms and provisions set forth in the Indenture.

Notice of the redemption of the Bonds shall be given by the Trustee by first-class mail, postage prepaid, not more than 60 days nor less than 20 days before the date fixed for redemption, to the Registered Owners of the Bonds to be redeemed at their addresses shown on the registration books of SANDAG maintained by the Trustee. With respect to an optional redemption of any Bonds, unless moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may, at the option of SANDAG, state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, SANDAG shall not redeem such Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed. If, on the date fixed for redemption, moneys for the redemption of all Bonds or portions thereof to be redeemed, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of

redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

The Indenture provides that if SANDAG shall pay the principal or redemption price, if applicable, and interest due and to become due on all Bonds of a particular series, maturity within a series or portions of a maturity within a series at the times and in the manner stipulated therein and in the Indenture, then the pledge and lien created by the Indenture for such Bonds shall thereupon be discharged and satisfied. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust at or prior to their maturity or redemption date shall be deemed to have been paid if, among other things, SANDAG shall have delivered to the Trustee either moneys in an amount which shall be sufficient or Defeasance Securities (as defined in the Indenture), the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be. Defeasance Securities and moneys so deposited with the Trustee shall be held in trust for the payment of the principal or redemption price, if applicable, of and interest on said Bonds.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

It is hereby certified, recited and declared that this Bond is issued in part pursuant to the Act, that all acts and conditions required to be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the series of which it is a part does not exceed or violate any constitutional or statutory limitation.

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

IN WITNESS WHEREOF, THE SAN DIEGO ASSOCIATION OF GOVERNMENTS has caused this Bond to be signed in its name and on its behalf as of the \_\_\_\_ day of \_\_\_\_\_, 2019.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

By \_\_\_\_\_  
Chair of the Board

Attest:

By \_\_\_\_\_  
Executive Director

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project), Series 2019[A][B] of the San Diego Association of Governments, described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 2019

\_\_\_\_\_,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

**FORM OF ASSIGNMENT**

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

\_\_\_\_\_  
(Please insert Social Security or Identification Number of Transferee)

\_\_\_\_\_/

\_\_\_\_\_  
(Please print or typewrite name and address, including zip code of Transferee)

\_\_\_\_\_  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
attorney to register the transfer of the within Bond on the books kept for registration thereof, all power of substitution in the premises.

Dated:

Signature Guaranteed:	
NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.	NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

**EXHIBIT B**

**FORM OF COSTS OF ISSUANCE REQUISITION**

\$ \_\_\_\_\_  
**SAN DIEGO ASSOCIATION OF GOVERNMENTS  
CAPITAL GRANT RECEIPTS REVENUE BONDS  
(MID-COAST CORRIDOR TRANSIT PROJECT)**

\$ \_\_\_\_\_  
Series 2019A

\$ \_\_\_\_\_  
Series 2019B

**REQUISITION NUMBER 1 FOR COSTS OF ISSUANCE**

The undersigned hereby directs and certifies that:

(a) \_\_\_\_\_, as trustee (the “Trustee”) under that certain Trust Indenture, dated as of \_\_\_\_\_ 1, 2019 (the “Indenture”) by and between the San Diego Association of Governments (“SANDAG”) and the Trustee, is hereby directed to pay from the Costs of Issuance Account of the Construction Fund established under the Indenture, to each of the persons, firms or corporations designated as “Payee” in Exhibit A attached hereto an amount not to exceed the sum set forth opposite such designation, in payment or reimbursement of the costs of issuance of \$ \_\_\_\_\_ aggregate principal amount of SANDAG’s Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project) Series 2019A and \$ \_\_\_\_\_ aggregate principal amount of its Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project) Series 2019B for the purpose listed on said Exhibit A, in each case upon receipt of an invoice, bill or statement therefor;

(b) each item to be paid with the funds requisitioned hereunder represents an incurred or due and payable cost of issuance in accordance with the Indenture;

(c) no amount set forth in this requisition has been paid from other funds withdrawn from the Costs of Issuance of the Construction Fund; and

(d) to the best of my knowledge, no Event of Default has occurred and is continuing under the Indenture.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of \_\_\_\_\_, 2019

SAN DIEGO ASSOCIATION OF  
GOVERNMENTS

By \_\_\_\_\_  
Authorized Representative

[Signature page to the Requisition for Costs of Issuance]

**EXHIBIT A**

**Payee**

**Purpose**

**Maximum Amount**