

NEW ISSUE—BOOK ENTRY ONLY

RATINGS:

Moody's: " _____ "
Standard & Poor's: " _____ "
(See "RATINGS")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2009 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

[\$318,300,000]

**SACRAMENTO TRANSPORTATION AUTHORITY
MEASURE A SALES TAX REVENUE BONDS (LIMITED TAX BONDS)**

[\$106,100,000]	[\$106,100,000]	[\$106,100,000]
Variable Rate Demand Bonds	Variable Rate Demand Bonds	Variable Rate Demand Bonds
Series 2009A	Series 2009B	Series 2009C

This cover page contains general information only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Sacramento Transportation Authority (the "Authority") is issuing the three series of bonds described herein (the "Series 2009A Bonds," the "Series 2009B Bonds" and the "Series 2009C Bonds," which shall collectively be referred to herein as the "Series 2009 Bonds" and each, a "Series") pursuant to an Indenture, dated as of September 1, 2009 (as amended and supplemented, including by a First Supplemental Indenture, dated as of September 1, 2009, the "Indenture"), between the Authority and Deutsche Bank National Trust Company, as trustee (the "Trustee").

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

Proceeds from the sale of the 2009 Bonds will be used by the Authority to (i) finance a portion of the costs associated with certain transportation projects, (ii) pay all principal of the Authority's sales tax revenue notes outstanding as of the date of closing of the Series 2009 Bonds, (iii) fund a deposit to the reserve fund securing the Series 2009 Bonds, and (iv) pay the costs of issuing the Series 2009 Bonds.

The Series 2009 Bonds will be dated their date of delivery. The series designations, principal amounts, initial interest rate determination method, interest payment dates, maturity dates, authorized denominations, liquidity provider and certain other information relating to the Series 2009 Bonds are summarized in the Summary of Offering on the inside cover page. Investors may purchase Series 2009 Bonds in book-entry form only.

The Series 2009 Bonds are subject to mandatory sinking fund redemption by the Authority prior to maturity as described in this Official Statement. The Series 2009 Bonds also are subject to optional redemption or purchase by the Authority prior to maturity as described in this Official Statement. The Series 2009 Bonds also are subject to mandatory tender for purchase and remarketing at the option of the Authority or if their Interest Rate Determination Method is changed by the Authority.

The Series 2009 Bonds may be tendered on any business day by Series 2009 Bondowners for purchase and remarketing. In order to provide for the payment of the purchase price of the Series 2009 Bonds that are not remarketed, the Authority will enter into a separate standby bond purchase agreement with respect to each Series of Series 2009 Bonds, each dated _____, 2009 (each, a "2009 Liquidity Facility," and together, the "2009 Liquidity Facilities"), with Barclays Bank PLC ("Barclays"), JPMorgan Chase Bank, N.A. ("JPMorgan") and Bank of America, N.A. ("Bank of America," and together with Barclays and JPMorgan, each, a "2009 Liquidity Facility Provider"). Pursuant to the applicable 2009 Liquidity Facilities, with respect to all Series 2009 Bonds that are tendered for purchase and not remarketed, Barclays will be obligated to purchase the Series 2009A Bonds, JPMorgan will be obligated to purchase the Series 2009B Bonds and Bank of America will be obligated to purchase the Series 2009C Bonds, subject to the occurrence of certain suspension and termination events as more fully described herein. Under the terms of the applicable 2009 Liquidity Facilities, each 2009 Liquidity Facility Provider's obligation to purchase the applicable Series 2009 Bonds is not joint and no 2009 Liquidity Facility Provider will be liable for the failure of the other 2009 Liquidity Facility Providers to purchase the applicable Series 2009 Bonds pursuant to the applicable 2009 Liquidity Facility. See "The 2009 Liquidity Facilities." Unless otherwise terminated or extended pursuant to their respective terms, the Barclays standby purchase agreement will expire on [October 1, 2010], the JPMorgan standby purchase agreement will expire on [October 1, 2011] and the Bank of America standby bond purchase agreement will expire on [October 1, 2011].

UNDER CERTAIN CIRCUMSTANCES THE OBLIGATION OF A 2009 LIQUIDITY FACILITY PROVIDER TO PURCHASE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY TENDER MAY BE TERMINATED OR SUSPENDED WITHOUT A PURCHASE BY THE APPLICABLE 2009 LIQUIDITY FACILITY PROVIDER. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE 2009 LIQUIDITY FACILITIES DO NOT PROVIDE SECURITY FOR THE

PAYMENT OF PRINCIPAL OF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2009 BONDS. THE 2009 LIQUIDITY FACILITIES PROVIDE FOR THE PURCHASE OF TENDERED BONDS ONLY.

[insert Barclays bank logo]

(Liquidity Provider for Series 2009A Bonds)

[insert JPMorgan bank logo]

(Liquidity Provider for Series 2009B Bonds)

[insert Bank of America bank logo]

(Liquidity Provider for Series 2009C Bonds)

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF SACRAMENTO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THAT OF THE AUTHORITY TO THE EXTENT OF THE PLEDGE OF REVENUES DESCRIBED HEREIN, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS.

This Official Statement describes the Series 2009 Bonds only while they bear interest at a Weekly Rate or a Daily Rate. The Series 2009 Bonds of either Series may be converted to bear interest at rates other than at a Daily Rate and Weekly Rate. There are significant changes in the terms of the Series 2009 Bonds of each Series while such Series 2009 Bonds accrue interest in Rate Periods (as defined herein) other than the Weekly Rate Period and the Daily Rate Period. THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2009 BONDS OTHER THAN WHILE SUCH SERIES 2009 BONDS BEAR INTEREST AT A WEEKLY RATE OR A DAILY RATE.

The Series 2009 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its general counsel and by Nossaman LLP, Disclosure Counsel to the Authority, for the Underwriters by their counsel, Squire, Sanders & Dempsey L.L.P., and for the 2009 Liquidity Facility Providers by their respective counsel, McDermott Will & Emery LLP (counsel to Barclays Bank) and Winston & Strawn LLP (counsel to JPMorgan Chase Bank and Bank of America). It is expected that the Series 2009 Bonds will be available for delivery on or about _____, 2009.

Barclays Capital

Underwriter and Remarketing Agent
Series 2009A Bonds

J.P. Morgan

Underwriter and Remarketing Agent
Series 2009B Bonds

Merrill Lynch & Co.

Underwriter/Remarketing Agent
Series 2009C Bonds

Dated: _____, 2009

SUMMARY OF OFFERING
[\$318,300,000]
SACRAMENTO TRANSPORTATION AUTHORITY
MEASURE A SALES TAX REVENUE BONDS (LIMITED TAX BONDS)
SERIES 2009A, SERIES 2009B AND SERIES 2009C

	<u>[\$106,100,000]</u> <u>Series 2009A Bonds</u>	<u>[\$106,100,000]</u> <u>Series 2009B Bonds</u>	<u>[\$106,100,000]</u> <u>Series 2009C Bonds</u>
Maturity Date:	[October 1, 2038]	[October 1, 2038]	[October 1, 2038]
Price:	100%	100%	100%
Initial Authorized Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof	\$100,000 or any integral multiple of \$5,000 in excess thereof
Initial Interest Rate Determination Method*:	Weekly Rate	Weekly Rate	Weekly Rate
Initial Interest Payment Dates:	First Business Day of each calendar month commencing October 1, 2009	First Business Day of each calendar month commencing October 1, 2009	First Business Day of each calendar month commencing October 1, 2009
Initial Record Date for Interest Payments:	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date	Business Day prior to Interest Payment Date
2009 Liquidity Facility Provider:	Barclays Bank PLC	JPMorgan Chase Bank, N.A.	Bank of America, N.A.

* Upon satisfaction of certain conditions set forth in the Indenture, the Series 2009 Bonds of each Series may bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate), provided however, that all Series 2009 Bonds of the same Series must be in the same Interest Rate Determination Method. See "DESCRIPTION OF THE SERIES 2009 BONDS."

THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION ABOUT THE SERIES 2009 BONDS AFTER CONVERSION TO AN INTEREST RATE PERIOD OTHER THAN A DAILY RATE PERIOD OR A WEEKLY RATE PERIOD. The Series 2009 Bonds of either Series may be converted to bear interest at rates other than at a Daily Rate and Weekly Rate. There are significant changes in the terms of the Series 2009 Bonds of each Series while such Series 2009 Bonds accrue interest in Rate periods (as defined herein) other than the Weekly Rate Period and the Daily Rate Period.

While in a Daily Rate Period or a Weekly Rate Period, the Series 2009 Bonds are subject to optional and mandatory tender for purchase in authorized denominations at a purchase price equal to the principal amount thereof, without premium, plus accrued interest to the Purchase Date (the "Purchase Price"). See "DESCRIPTION OF THE SERIES 2009 BONDS" and "ADDITIONAL TERMS OF THE SERIES 2009 BONDS."

**Remarketing
Agent/Underwriter:**

Barclays Capital

J.P. Morgan

Merrill Lynch, Pierce, Fenner &
Smith Incorporated

CUSIP No.* :

* CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the public. Neither the Authority nor the Underwriters take any responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2009 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Authority, the Underwriters, the 2009 Liquidity Facility Providers (with respect to the information provided in Appendix F) and other sources that are believed by the Authority to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the 2009 Liquidity Facility Providers or the Underwriters.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2009 Bonds.

This Official Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2009 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Authority.

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

In connection with the offering of the Series 2009 Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2009 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2009 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the Summary of Offering beginning on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Offering Memorandum constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements

described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Authority in any way, regardless of the level of optimism communicated in the information. The Authority is not obligated to issue nor does it plan to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

[MAP]

SACRAMENTO TRANSPORTATION AUTHORITY

Governing Board

Ray Tretheway, Chair
Steve Cohn
Ken Cooley
Roger Dickinson
Robert King Fong
Lauren Hammond
Kerri Howell

Jeff Slowey, Vice Chair
Patrick Hume
Roberta MacGlashan
Don Nottoli
Bonnie Pannell
Barbara Payne
Susan Peters
Jimmie Yee

Alternate Board Members

Jeannie Bruins
Kevin Johnson
Sandy Sheedy
Robert McGarvey
Sophia Scherman

B. Teri Burns
Kevin McCarty
Robbie Waters
Linda Kimura
Andy Morin
Teresa Stanley

Administrative Staff

Brian Williams, Executive Director
Mona Stephens, Senior Transportation Administrator (Finance and Accounting)
William Burke, General Counsel and Deputy County Counsel

SPECIAL SERVICES

Co-Financial Advisors

Public Financial Management, Inc.
Newport Beach, California
The Pineapple Group
Sacramento, California

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Trustee

Deutsche Bank National Trust Company
San Francisco, California

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OFFICIAL STATEMENT

[\$318,300,000]

**SACRAMENTO TRANSPORTATION AUTHORITY
MEASURE A SALES TAX REVENUE BONDS (LIMITED TAX BONDS)
SERIES 2009A, SERIES 2009B AND SERIES 2009C**

INTRODUCTION AND PURPOSE OF THE SERIES 2009 BONDS

This Official Statement, including the cover page and all appendices hereto (the "Official Statement"), provides certain information concerning the issuance and sale by the Sacramento Transportation Authority (the "Authority") of \$[318,300,000] aggregate principal amount of Sacramento Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2009A, Series 2009B and Series 2009C (the "Series 2009 Bonds"), comprised of:

<u>Amount</u>	<u>Series</u>	<u>Initial Interest Rate Mode</u>
\$[106,100,000]	Series 2009A Bonds	Weekly Rate
[106,100,000]	Series 2009B Bonds	Weekly Rate
[106,100,000]	Series 2009C Bonds	Weekly Rate

This Official Statement describes certain of the Series 2009 Bonds only while they bear interest at a Weekly Rate or a Daily Rate. The Series 2009 Bonds of either Series may be converted to bear interest at rates other than at a Daily Rate and Weekly Rate. there are significant changes in the terms of the Series 2009 Bonds of each Series while such Series 2009 Bonds accrue interest in Rate Periods (as defined herein) other than the Weekly Rate Period and the Daily Rate Period. THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE SERIES 2009 BONDS OTHER THAN WHILE SUCH SERIES 2009 BONDS BEAR INTEREST AT A WEEKLY RATE OR A DAILY RATE.

The Series 2009 Bonds are being issued pursuant to the Indenture, dated as of September 1, 2009, between the Authority and Deutsche Bank National Trust Company, as trustee (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of September 1, 2009 (the "First Supplemental Indenture"), between the Authority and the Trustee. The Indenture, as so supplemented and as further supplemented from time to time pursuant to its terms is hereinafter referred to as the "Indenture." All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," or, if not defined therein, in the Indenture.

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

The Series 2009 Bonds are limited obligations of the Authority secured primarily by a pledge of the Sales Tax Revenues. Sales Tax Revenues consist of sales tax revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the "2004 Measure A Sales Tax"), imposed in accordance with the Act and the California Transactions and Use Tax Law (Revenue and Taxation Code Section 7251 et seq.), less certain administrative fees paid to the California State Board of Equalization (the "Board of

Equalization") in connection with the collection and disbursement of the 2004 Measure A Sales Tax (the "Sales Tax Revenues").

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

Additional Bonds and other obligations secured by a pledge of the Sales Tax Revenues on a parity with the Series 2009 Bonds may be issued or incurred. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS – Additional Bonds and Parity Obligations" herein. The Series 2009 Bonds and any additional bonds hereafter authorized by, and at any time Outstanding under the Indenture, are referred to collectively herein as the "Bonds." In November 2006, the Authority issued its \$95,615,000 Measure A Sales Tax Revenue Notes, Series 2006A (the "Series 2006A Notes") pursuant to an Indenture dated as of October 1, 2006 (the "Prior Indenture"), as amended and supplemented by a First Supplemental Indenture dated as of October 1, 2006 (the "Prior First Supplemental Indenture"), and its \$4,475,000 Measure A Sales Tax Revenue Notes, Series 2006B (the "Series 2006B Notes", collectively with the Series 2006A Notes, the "Series 2006 Notes") pursuant to a Second Supplemental Indenture dated as of October 1, 2006 (the "Second Supplemental Indenture"). In October 2007, the Authority issued its \$82,230,000 Measure A Sales Tax Revenue Notes, Series 2007A (the "Series 2007A Notes") pursuant to a Third Supplemental Indenture dated as of October 1, 2007 (the "Prior Third Supplemental Indenture"). The Series 2006 Notes and the Series 2007A Notes are referred to herein as the "Prior Notes". A portion of the proceeds of the Series 2009 Bonds will be used to pay such outstanding Prior Notes in their entirety at their respective dates of maturity, and upon issuance of the Series 2009 Bonds the Prior Indenture will be discharged in its entirety and will no longer be in effect.

Additional Bonds and other obligations (the "Parity Obligations") secured by a pledge of the Sales Tax Revenues on a parity with the Bonds may hereafter be issued or incurred subject to satisfaction of certain requirements as set forth in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS - Additional Bonds and Parity Obligations" herein.

Other obligations of the Authority secured by a pledge of the Sales Tax Revenues on a basis subordinate to any Bonds and the Parity Obligations may hereafter be issued or incurred (the "Subordinate Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS - Subordinate Obligations" herein.

In November, 2005, the Authority entered into three interest rate swap agreements in an initial aggregate notional amount of \$318,300,000 (the "Initial Swaps") pursuant to which the Authority agrees to pay to the counterparties a fixed rate of interest and the counterparties agree to pay the Authority a floating rate of interest. The Initial Swaps are effective as of October 1, 2009, and the notional amounts amortize in tandem with the amortization of the Series 2009 Bonds. Regularly scheduled payments on the Initial Swaps are payable on a parity with the Series 2009 Bonds.

The obligation of the Authority to make termination payments under the Initial Swaps and certain other obligations of the Authority which constitute fees, expenses and similar charges in connection with any Bonds, the Parity Obligations and the Subordinate Obligations may be issued or incurred (the "Fee and Expense Obligations") and such Fee and Expense Obligations shall be payable on a basis subordinate to the Bonds, the Parity Obligations and the Subordinate Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS – Fee and Expense Obligations" herein.

The Authority will apply the proceeds of the Series 2009 Bonds to (i) finance a portion of the costs associated with certain transportation projects, (ii) pay all principal of the Authority's Prior Notes

outstanding as of the date of closing of the Series 2009 Bonds to their maturity dates, (iii) fund a Reserve Fund for the Series 2009 Bonds, and (iv) pay the costs of issuing the Series 2009 Bonds. See “SUMMARY OF FINANCING PLAN.”

Pursuant to the Indenture, the Series 2009 Bonds will be subject to optional and mandatory tender for purchase at a purchase price equal to the principal thereof plus accrued interest thereon to the date of purchase, as provided in the Indenture. See “ADDITIONAL TERMS OF THE SERIES 2009 BONDS – Optional Tender Provisions” and “- Mandatory Tender Provisions.” In order to provide for the payment of the purchase price of the Series 2009 Bonds, the Authority will enter into standby bond purchase agreements, each dated _____, 2009 (each, a “2009 Liquidity Facility,” and together, the “2009 Liquidity Facilities”), with Barclays Bank PLC (“Barclays”), JPMorgan Chase Bank, N.A. (“JPMorgan”) and Bank of America, N.A. (“Bank of America,” and together with Barclays and JPMorgan, each, a “2009 Liquidity Facility Provider” and collectively the “2009 Liquidity Facility Providers”). Pursuant to each applicable 2009 Liquidity Facility, with respect to Series 2009 Bonds that are tendered for purchase and not remarketed, Barclays will be obligated to purchase the Series 2009A Bonds, JPMorgan will be obligated to purchase the Series 2009B Bonds and Bank of America will be obligated to purchase the Series 2009C Bonds, subject to the occurrence of certain suspension and termination events specified therein. Under the terms of the 2009 Liquidity Facilities, each 2009 Liquidity Facility Provider’s obligation to purchase its designated Series of Series 2009 Bonds is not joint and no 2009 Liquidity Facility Provider will be liable for the failure of the other 2009 Liquidity Facility Providers to purchase its designated Series of Series 2009 Bonds pursuant to the applicable 2009 Liquidity Facility. Unless earlier terminated or extended pursuant to its terms, the Barclays 2009 Liquidity Facility will expire on [October 1, 2010], the JPMorgan 2009 Liquidity Facility will expire on [October 1, 2011] and the Bank of America 2009 Liquidity Facility will expire on [October 1, 2011]. See “THE 2009 LIQUIDITY FACILITIES” and Appendix F – “2009 LIQUIDITY FACILITY PROVIDERS”.

The initial Remarketing Agent for the Series 2009A Bonds is Barclays Capital, for the Series 2009B Bonds is J.P. Morgan and for the Series 2009C Bonds is Merrill Lynch, Pierce, Fenner & Smith Incorporated (each a “Remarketing Agent” and collectively the “Remarketing Agents”). The Authority will enter into a Remarketing Agreement covering each Series of the Series 2009 Bonds with the Remarketing Agent for such Series as shown in the Summary of Offering on the inside cover page. Each Remarketing Agent undertakes, among other things, to use its best efforts to remarket Series 2009 Bonds for which it is the Remarketing Agent that are tendered for purchase. Each Remarketing Agent also undertakes to set the interest rate on the Series 2009 Bonds for which it is the Remarketing Agent. The Authority or the Remarketing Agent may terminate the Remarketing Agreement under the circumstances and in the manner described in the Remarketing Agreement, in which case the Authority expects to appoint a replacement remarketing agent in accordance with the Indenture.

The Authority has not, undertaken any continuing disclosure obligations with respect to the Series 2009 Bonds while in the Weekly Rate Period or the Daily Rate Period.

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

DESCRIPTION OF THE SERIES 2009 BONDS

General

The Series 2009 Bonds are being issued by the Authority pursuant to the Indenture and the Act. The Series 2009 Bonds will be dated their date of delivery, will be issued in the Authorized Denominations, and will mature on the dates and in the principal amounts, all as shown in the Summary of Offering on the inside cover page of this Official Statement.

The Series 2009 Bonds will be issued in book-entry form only and will be registered in the name of a nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2009 Bonds. Investors may purchase Series 2009 Bonds in book-entry form only. Beneficial Owners of the Series 2009 Bonds will not receive certificates representing their ownership interests in the Series 2009 Bonds purchased. Payments of principal, purchase price and interest on the Series 2009 Bonds will be made to DTC, and DTC is to distribute such payments to its Direct Participants. Disbursement of such payments to Beneficial Owners of the Series 2009 Bonds is the responsibility of DTC’s Direct and Indirect Participants and not the Authority. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

See “ADDITIONAL TERMS OF SERIES 2009 BONDS” for further information, including Interest Rate Determination Methods, conversion from one Interest Rate Determination Method to another, optional tender provisions, mandatory tender provisions, and cross-references to other important information about practices and procedures of the Authority and the Remarketing Agents for the Series 2009 Bonds.

Series 2009 Bonds

The Series 2009 Bonds will initially bear interest at the Weekly Rate, with such rates determined as described below under “ADDITIONAL TERMS OF SERIES 2009 BONDS — Interest Rate Determination Methods.” Interest on Series 2009 Bonds bearing interest at a Weekly Rate will be payable on the first Business Day of each calendar month, commencing on October 1, 2009. Interest on Series 2009 Bonds bearing a Weekly Rate will be computed on the basis of a 365/366-day year and actual days elapsed. The record date for Series 2009 Bonds bearing interest at the Weekly Rate will be the Business Day immediately preceding the Interest Payment Date. The Series 2009 Bonds will be initially issued in fully registered form in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

Conversion of Series 2009 Bonds

Upon satisfaction of conditions set forth in the Indenture, the Series 2009 Bonds of any Series may be changed at the election of the Authority to bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Index Rate, the Term Rate or the Fixed Rate), *provided however*, that all Series 2009 Bonds of the same Series must have the same Interest Rate Determination Method and (except for any 2009 Liquidity Facility Bonds and Series 2009 Bonds bearing interest at a Commercial Paper Rate or, in certain circumstances, at a Fixed Rate) will bear interest at the same interest rate.

This Official Statement is not intended to provide information about the Series 2009 Bonds after conversion to another Interest Rate Determination Method (except with respect to the conversion of any Series 2009 Bonds to a Weekly Rate or a Daily Rate). There are significant changes in the terms of the Series 2009 Bonds of each Series while such Series 2009 Bonds accrue

interest in Rate Periods (as defined herein) other than the Weekly Rate Period and the Daily Rate Period.

Redemption Terms of the Series 2009 Bonds

Optional Redemption. The Series 2009 Bonds bearing interest at a Daily Rate or a Weekly Rate are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium; provided that 2009 Liquidity Facility Bonds of such Series shall be redeemed prior to any other Series 2009 Bonds of such Series.

Mandatory Redemption. The Series 2009A Bonds, the Series 2009B Bonds and the Series 2009C Bonds are subject to mandatory redemption by the Authority on each date a Mandatory Sinking Account Payment for such Series is due, in the principal amount equal to such Mandatory Sinking Account Payment, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Series 2009A Bonds

	<i>Mandatory</i>		<i>Mandatory</i>
	<i>Sinking</i>		<i>Sinking</i>
<i>Redemption Date</i>	<i>Account</i>	<i>Redemption Date</i>	<i>Account</i>
<i>(October 1)</i>	<i>Payment</i>	<i>(October 1)</i>	<i>Payment</i>

† Final Maturity

Series 2009B Bonds

<i>Redemption Date (October 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (October 1)</i>	<i>Mandatory Sinking Account Payment</i>
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† Final Maturity

Series 2009C Bonds

<i>Redemption Date (October 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (October 1)</i>	<i>Mandatory Sinking Account Payment</i>
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† Final Maturity

Purchase In Lieu of Redemption

The Authority reserves the right at all times to purchase any of its Series 2009 Bonds on the open market. In lieu of mandatory redemption, the Authority may surrender to the Trustee for cancellation Series 2009 Bonds purchased on the open market, and such Series 2009 Bonds shall be cancelled by the Trustee. If any Series 2009 Bonds are so cancelled, the Authority may designate the Mandatory Sinking Account Payments or portions thereof within such Series of the Series 2009 Bonds so purchased that are to be reduced as a result of such cancellation.

General Redemption Provisions

Selection for Redemption. The Authority will designate which Series and which maturities of such Series of Series 2009 Bonds are to be redeemed; *provided* that Series 2009 Bonds of such Series registered in the name of a 2009 Liquidity Facility Provider must be redeemed prior to redeeming any other Series 2009 Bonds of such Series bearing interest at a Daily Rate or a Weekly Rate. If less than all Series 2009 Bonds of a Series maturing on any one date are to be redeemed at any one time, DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant in the Series to be redeemed. For purposes of such selection, the Series 2009 Bonds of such Series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. The Authority may designate the Mandatory Sinking Account Payments, or portions thereof, that are to be reduced as a result of such redemption.

Notice of Redemption. The Trustee will send each notice of redemption by first class mail not less than 10 nor more than 90 days prior to the redemption date, to the Remarketing Agents, the 2009 Liquidity Facility Providers and DTC. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2009 Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC to receive any notice of redemption or any defect therein will not affect the sufficiency of any proceedings for redemption.

Conditional Notice of Redemption; Rescission. With respect to any notice of optional redemption of Bonds, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid pursuant to the terms of the Indenture, such notice is to state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received said notice will be of no force and effect and the Authority will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given.

In addition, the Authority may, at its option, on or prior to the date fixed for redemption in any notice of redemption, rescind and cancel such notice of redemption by Written Request of the Authority to the Trustee, and the Trustee is to mail notice of such cancellation to the recipients of the notice of redemption as described herein under "DESCRIPTION OF THE SERIES 2009 BONDS—General Redemption Provisions".

Any optional redemption of the Series 2009 Bonds and notice thereof will be rescinded and cancelled pursuant to the provisions of the Indenture if for any reason on the date fixed for redemption

moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal, interest and premium due on the Series 2009 Bonds called for redemption.

Effect of Redemption. Notice of redemption having been duly given pursuant to the Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2009 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series 2009 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the date fixed for redemption. Interest on such Series 2009 Bonds so called for redemption shall cease to accrue, and said Series 2009 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of such Series 2009 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price and interest accrued to the date fixed for redemption from funds held by the Trustee for such payment.

All Series 2009 Bonds redeemed pursuant to the provisions described herein shall be cancelled upon surrender.

See “ADDITIONAL TERMS OF SERIES 2009 BONDS” for information concerning interest rate determination methods, conversion of interest rate determination methods, and optional and mandatory tender provisions.

DEBT SERVICE SCHEDULE

The following table shows the debt service requirements on the Series 2009 Bonds during each fiscal year.

Fiscal Year Ending June 30	Principal Amount ⁽¹⁾	Interest Amount ⁽²⁾	Annual Debt Service
Total			

⁽¹⁾ Includes Mandatory Sinking Account Payments.

⁽²⁾ Interest on the Series 2009 Bonds is calculated based on the fixed interest rates payable by the Authority to the swap counterparties pursuant to the Initial Swaps; the fixed interest rates payable under the Initial Swaps range from 3.666 % to 3.736%.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS

Pledge of Sales Tax Revenues

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

The Indenture provides that the pledge of Revenues for the payment of the Bonds, and any debt or other obligations of the Authority payable from Sales Tax Revenues on a parity with the Bonds (such debt or other obligations being hereinafter referred to as “Parity Obligations”), will constitute a first lien on and security interest in the Revenues and such other amounts and will immediately attach thereto and will be effective, binding and enforceable from and after initial delivery by the Trustee of the Bonds or Parity Obligations, without the need for any physical delivery, recordation, filing or further act.

THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE AUTHORITY, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN THE SALES TAX REVENUES AS DESCRIBED HEREIN) OF THE AUTHORITY IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND THE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Revenue Fund; Allocation of Sales Tax Revenues

As long as any Bonds are Outstanding or any Parity Obligations remain unpaid, the Authority has assigned the Sales Tax Revenues to the Trustee and shall cause the Board of Equalization to transmit the same directly to the Trustee each month, net of the Board of Equalization administrative fee which is deducted quarterly. The Trustee will forthwith deposit all Sales Tax Revenues in the Revenue Fund, maintained and held in trust by the Trustee, when and as such Sales Tax Revenues are received by the Trustee. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” The Sales Tax Revenues are to be received and held in trust by the Trustee for the benefit of the Holders of the Bonds and Parity Obligations (including the Initial Swaps) and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. Investment income on amounts held by the Trustee (other than amounts held in the Rebate Fund, a Letter of Credit Account or any Purchase Fund or Project Fund or for which particular instructions are provided) will also be deposited in the Revenue Fund.

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

1. Interest Fund. The Indenture requires the Trustee to make monthly deposits in the Interest Fund in an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on Outstanding fixed interest rate bonds during the next ensuing six-months until the requisite half-yearly amount of interest on all such bonds is on deposit, provided that the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on the first Interest Payment Date with respect to such fixed rate Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding variable rate bonds calculated, if the actual rate of interest is not known, at the interest rate specified by the Authority, or if the Authority has not specified an interest rate, at the maximum interest rate borne by such variable rate bonds during the month prior to the month of deposit plus one percent (1%); subject to such adjustments as are provided pursuant to the provisions of the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues.” All Swap Revenues received with respect to the Interest Rate Swap Agreements that are Parity Obligations are to be deposited in the Interest Fund and credited toward the above-described deposits) and payments made by the Authority on the Initial Swaps and other Interest Rate Swap Agreements that constitute Parity Obligations shall be payable from the Interest Fund and the required deposits are adjusted to include payments on such Interest Rate Swap Agreements in accordance with the Indenture.

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

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

In the event that the Sales Tax Revenues shall not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts will be made on a proportionate basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

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

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

3. Bond Reserve Funds. The Indenture also requires the Trustee to make deposits to any of the Bond Reserve Funds established pursuant to the provisions of the Indenture as soon as possible in each month in which any deficiency in any Bond Reserve Fund occurs, until the balance in such Bond Reserve Fund is at least equal to the applicable Bond Reserve Requirement. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues.”

4. Subordinate Obligations Fund. The Indenture also requires the Trustee to establish a Subordinate Obligations Fund. The Trustee shall deposit in the Subordinate Obligations Fund any Sales Tax Revenues remaining in the Revenue Fund after the transfers described in (1), (2) and (3) above and will use and withdraw amounts on deposit in the Subordinate Obligations Fund to pay Subordinate Obligations as such amounts become due and payable.

5. Fees and Expenses Fund. The Indenture also requires the Trustee to establish a Fees and Expenses Fund. After the transfers described above have been made, the Trustee will deposit in each month in the Fees and Expenses Fund amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by the Authority in connection with the Bonds or any Parity Obligation and amounts necessary for payment of fees, expenses, and similar charges owing in such month or the following month by the Authority in connection with Subordinate Obligations.

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

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

Reserve Fund

Upon issuance of the Series 2009 Bonds, a Bond Reserve Fund initially available for the Series 2009 Bonds is established pursuant to the Indenture to be maintained in an amount equal to the Reserve Requirement for the purpose of paying principal of and interest on the Series 2009 Bonds and any other Series of Bonds except as otherwise determined by the Authority, when due when insufficient moneys for such payment are on deposit in the Principal Account and the Interest Account under the Indenture. Any amounts on deposit in the Bond Reserve Fund in excess of the Reserve Requirement shall be transferred to the Authority yearly on [October 1]. The Authority may establish other bond reserve funds relating to a particular Series of Bonds that would only be available to secure that particular Series of Bonds as well as other Series of Bonds as determined by the Authority.

“Reserve Requirement” means, with respect to the Bonds (except a Series of Bonds which the Authority determines will not be secured by the Bond Reserve Fund) as of any date of calculation, an amount equal to the lesser of: (i) 10% of the initial offering price of such Bonds determined as provided in the Code; (ii) Maximum Annual Debt Service on all such Bonds then Outstanding; or (iii) 125% of average Annual Debt Service on all such Bonds then Outstanding. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions” and DEBT SERVICE SCHEDULE.” The Reserve Requirement will be satisfied by a cash deposit of a portion of the proceeds from the sale of the Series 2009 Bonds; the Indenture provides for funding of the Bond Reserve Fund with a surety bond or an insurance policy or letter of credit (“Reserve Facilities”) upon satisfaction of the requirements set forth in the Indenture.

The Trustee is to draw on the Bond Reserve Fund to the extent necessary to fund any deficiency in the Interest Fund or the Principal Fund with respect to the Bonds (except for a Series of Bonds which the Authority determines will not be secured by the Bond Reserve Fund). Draws on any Reserve Facilities on which there is available coverage are to be made on a pro-rata basis after applying all available cash and investments in the Bond Reserve Fund; provided that if a Reserve Facility is available only with respect to a specified Series of Bonds and not all Bonds, such Reserve Facility will be drawn upon to pay the principal and interest attributable to such Series before cash and investments in the Bond Reserve Fund are applied to fund such deficiency. The Authority is to repay, solely from Revenue, any draws under the Bond Reserve Fund, including any draws on Reserve Facilities, as well as any Reserve Facility Costs related thereto. Interest will accrue and be payable on such draws and expenses from the date of payment by the Reserve Facility provider at the rate specified in the agreement with respect to such Reserve Facility. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of Funds and Accounts – Funding and Application of the Bond Reserve Funds” and “– Funding of the Reserve Fund.”

Additional Bonds and Parity Obligations

On the date of the issuance of the Series 2009 Bonds, the only outstanding obligations secured by Sales Tax Revenues are the Series 2009 Bonds, the Initial Swaps, and the 2009 Liquidity Facilities. The Authority may issue additional Bonds and may issue or incur other obligations secured in whole or in part by a pledge of Sales Tax Revenues on a parity with the Bonds and the regularly scheduled payments on the Initial Swaps and any other Interest Rate Swap Agreements, subject to compliance with the terms and provisions set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Additional Bonds and Other Obligations.”

Issuance of Additional Series of Bonds. Subsequent to the issuance of the Series 2009 Bonds, the Authority may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2009 Bonds, but only upon compliance by the Authority with certain provisions of the Indenture. Some applicable provisions of the Indenture are described below:

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

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

(c) The Authority shall have placed on file with the Trustee a Certificate of the Authority, certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Bonds will become outstanding was equal to at least 1.3 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued.

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

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

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

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

Initial Swap Agreements

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

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

Regularly scheduled payments by the Authority to the Counterparties under the Initial Swaps constitute a Parity Obligation under the Indenture and are secured by a pledge of Sales Tax Revenues on a parity basis with the Bonds. Under certain circumstances, the Initial Swaps may be terminated, at which time the Authority may be required to make a termination payment to the applicable Counterparty, which

may be substantial. Termination payments payable pursuant to the Initial Swaps will constitute Fee and Expense Obligations under the Indenture and will be secured by a pledge of Sales Tax Revenues subordinate to the lien which secures the Bonds, the Parity Obligations and the Subordinate Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS”.

Subordinate Obligations

Except to the extent restricted by the Indenture, the Authority may issue or incur obligations (“Subordinate Obligations”) payable out of Sales Tax Revenues on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Bonds and Parity Obligations, as the same become due and payable and at the times and in the manner as required by the Indenture or as required by the instrument pursuant to which such Parity Obligations were issued or incurred, as applicable. Any termination payments under the Authority’s Initial Swaps and fees and expenses due under the 2009 Liquidity Facilities are payable on a basis subordinate to the Subordinate Obligations.

THE 2009 LIQUIDITY FACILITIES

The following is a summary of certain provisions of the 2009 Liquidity Facilities. This summary does not purport to be comprehensive. The 2009 Liquidity Facilities only provide liquidity support for the Series 2009 Bonds to which they relate. Reference should be made to each 2009 Liquidity Facility for the complete text thereof, and the discussion herein is qualified by such reference. Unless otherwise noted in this Official Statement, all defined terms in this summary of the 2009 Liquidity Facilities shall have the meaning ascribed to such terms in each such 2009 Liquidity Facility. For information regarding the 2009 Liquidity Facility Providers, see APPENDIX F – “2009 LIQUIDITY FACILITY PROVIDERS.”

General

The Authority has initially arranged for the 2009 Liquidity Providers to provide their respective separate 2009 Liquidity Facilities, each in the form of a separate Standby Bond Purchase Agreement, all to be dated _____, 2009, by and among the applicable 2009 Liquidity Facility Provider, the Trustee and the Authority.

The Series 2009A Bonds initially will be supported by the 2009 Liquidity Facility by and among Barclays Bank PLC, the Authority and the Trustee (the “Barclays 2009 Liquidity Facility”). The Barclays 2009 Liquidity Facility will expire on [October 1, 2010], prior to the final maturity of the Series 2009A Bonds, unless extended or terminated in accordance with the terms of the Barclays 2009 Liquidity Facility.

The Series 2009B Bonds initially will be supported by the 2009 Liquidity Facility by and among JPMorgan Chase Bank, N.A., the Authority and the Trustee (the “JPMorgan 2009 Liquidity Facility”). The JPMorgan 2009 Liquidity Facility will expire on [October 1, 2011], prior to the final maturity of the Series 2009B Bonds, unless extended or terminated in accordance with the terms of the JPMorgan 2009 Liquidity Facility.

The Series 2009C Bonds initially will be supported by the 2009 Liquidity Facility by and among Bank of America, N.A., the Authority and the Trustee (the “Bank of America 2009 Liquidity Facility”). The Bank of America 2009 Liquidity Facility will expire on [October 1, 2011], prior to the final maturity of the Series 2009C Bonds, unless extended or terminated in accordance with the terms of the Bank of America 2009 Liquidity Facility.

During its term each 2009 Liquidity Facility will provide funds, subject to its terms, for the purchase of the Series 2009 Bonds to which it relates, that are delivered to the Trustee but not remarketed by the applicable Remarketing Agent. In addition, each 2009 Liquidity Facility will provide funds for the mandatory purchase of tendered bonds (i) upon certain changes in interest rate periods, (ii) upon the expiration (without extension) of such 2009 Liquidity Facility, (iii) except as otherwise provided in the Indenture, upon the replacement of such 2009 Liquidity Facility with an Alternate Liquidity Facility and (iv) at the direction of the applicable 2009 Liquidity Facility Provider following the occurrence of certain Events of Termination. The Authority has the right and may elect to terminate a 2009 Liquidity Facility in its discretion.

UNDER CERTAIN CIRCUMSTANCES THE OBLIGATION OF A 2009 LIQUIDITY FACILITY PROVIDER TO PURCHASE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY TENDER MAY BE TERMINATED OR SUSPENDED WITHOUT A PURCHASE BY THE APPLICABLE 2009 LIQUIDITY FACILITY PROVIDER. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE 2009 LIQUIDITY FACILITIES DO NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2009 BONDS. THE 2009 LIQUIDITY FACILITIES PROVIDE FOR THE PURCHASE OF TENDERED BONDS ONLY.

Purchase of Tendered Bonds by 2009 Liquidity Facility Providers

Each 2009 Liquidity Facility Provider has agreed, subject to the terms of its respective Liquidity Facility, to purchase during the Purchase Period, Eligible Bonds which have been tendered for optional purchase or which are tendered for mandatory purchase and which are not remarketed as provided in the Indenture. The Purchase Period begins on the date the 2009 Liquidity Facility becomes effective and ends on the earliest of (a) the respective dates set forth in the second and third paragraphs under “General” above or the last day of any extension of such date pursuant to the terms of the applicable 2009 Liquidity Facility; (b) the date on which the Authority delivers an Alternate Liquidity Facility to the Trustee in accordance with the terms of the Indenture; (c) the date on which no Series 2009 Bonds are outstanding; (d) the date on which the Series 2009 Bonds are converted to a Non-Covered Interest Rate; (e) the date specified in a written notice delivered by the Authority to the applicable 2009 Liquidity Facility Provider that the Authority has elected to terminate the applicable 2009 Liquidity Facility pursuant to the terms of such 2009 Liquidity Facility; (f) the occurrence of certain Events of Termination (as further described below); or (g) the date on which the applicable 2009 Liquidity Facility Provider’s commitment has been terminated in its entirety and is no longer obligated to purchase Series 2009 Bonds. The price to be paid by the applicable 2009 Liquidity Facility Provider for such Bonds will be equal to the aggregate principal amount on such Series 2009 Bonds without premium, plus interest accrued thereon on the Purchase Date, unless, in the case of interest, the Purchase Date is an Interest Payment Date. As described below, under certain circumstances the obligation of the 2009 Liquidity Facility Provider to purchase tendered bonds will be automatically suspended or terminated, without prior notice or demand in which event Trustee will be unable to require the purchase of Series 2009 Bonds under the applicable 2009 Liquidity Facility.

Events of Termination

Each of the following is an “Event of Termination” under each 2009 Liquidity Facility:

[to come]

Remedies upon an Event of Termination

If any Event of Termination shall have occurred and be continuing, each 2009 Liquidity Facility Provider has the following remedies under its 2009 Liquidity Facility:

Immediate Termination. In the case of an Event of Termination specified in paragraphs _____, the Available Commitment and Purchase Period and the obligation of the 2009 Liquidity Facility Provider to purchase Series 2009 Bonds shall immediately terminate without notice or demand, and thereafter the 2009 Liquidity Facility Provider shall be under no obligation to purchase Series 2009 Bonds. Promptly upon the 2009 Liquidity Facility Provider obtaining knowledge of any such Event of Termination, the 2009 Liquidity Facility Provider shall give written notice of the same to the Trustee, the applicable Remarketing Agent and the Authority; provided that, the 2009 Liquidity Facility Provider shall incur no liability or responsibility whatsoever by reason of its failure to give such notice, and such failure shall in no manner affect the termination of the 2009 Liquidity Facility Provider's Available Commitment and of its obligation to purchase Series 2009 Bonds pursuant to its 2009 Liquidity Facility.

Termination with Notice. In the case of an Event of Termination specified in any of paragraphs _____, the 2009 Liquidity Facility Provider may terminate the Available Commitment and Purchase Period by giving written notice (a "Notice of Termination") to the Trustee, Authority and the applicable Remarketing Agent, specifying the date on which the Available Commitment and Purchase Period shall terminate, which shall be not less than 30 days from the date of receipt of such notice by the Trustee and on and after the Purchase Termination Date, the 2009 Liquidity Facility Provider shall be under no further obligation to purchase Series 2009 Bonds under its 2009 Liquidity Facility.

Suspensions. During the pendency of an Event of Termination pursuant to paragraphs _____ (each a "Potential Event of Termination"), the 2009 Liquidity Facility Provider's obligations to purchase Series 2009 Bonds shall be immediately suspended without notice or demand and thereafter the 2009 Liquidity Facility Provider shall be under no obligation to purchase Series 2009 Bonds until the Available Commitment is reinstated as described in this paragraph. Promptly upon the 2009 Liquidity Facility Provider obtaining knowledge of any such Potential Event of Termination, the 2009 Liquidity Facility Provider shall give written notice of the same to the Authority, the Trustee, and the applicable Remarketing Agent of such suspension; provided, however, that the 2009 Liquidity Facility Provider shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the 2009 Liquidity Facility Provider's obligations under the 2009 Liquidity Facility. In the event such Potential Event of Termination is cured, the 2009 Liquidity Facility Provider's obligations shall be automatically reinstated and the terms of the 2009 Liquidity Facility will continue in full force and effect (unless the 2009 Liquidity Facility shall otherwise have terminated or been suspended by its terms). If such Potential Termination Event becomes an Event of Termination (through Expiration of the 90 day grace period specified above or otherwise) the provisions under the caption "Immediate Termination" above shall apply.

Other Remedies. In addition to the rights and remedies described in the above three paragraphs, in the case of any Event of Termination specified in paragraphs _____, upon the election of the 2009 Liquidity Facility Provider: (i) all amounts payable under the 2009 Liquidity Facility (including but not limited to principal of and interest on any Purchased Bonds and payments of Excess Bond Interest), shall, upon notice to the Authority, become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Authority; and (ii) the 2009 Liquidity Facility Provider shall have all the rights and remedies available to it under the 2009 Liquidity Facility, the Related Documents or otherwise pursuant to law or equity; provided, however, that the 2009 Liquidity Facility Provider shall not have the right to terminate its obligation to purchase Series 2009

Bonds or to declare any amount due under the 2009 Liquidity Facility due and payable except as expressly provided therein.

Extension, Reduction, Adjustment or Termination of each 2009 Liquidity Facility

Each 2009 Liquidity Facility will expire on the respective dates set forth under “General” above unless earlier terminated or, with the consent of the applicable 2009 Liquidity Facility Provider in its sole and absolute discretion, extended for an additional period or periods, in each case in accordance with the provisions of its 2009 Liquidity Facility.

Upon (i) any redemption, defeasance or other payment of all or any portion of the principal amount of the Series 2009 Bonds or (ii) any purchase by the applicable 2009 Liquidity Facility Provider of Series 2009 Bonds tendered or deemed tendered in accordance with the terms of the Indenture, the applicable 2009 Liquidity Facility Provider’s purchase commitment under its 2009 Liquidity Facility with respect to principal of Series 2009 Bonds shall automatically be reduced by the principal amount of the Series 2009 Bonds so redeemed, defeased or otherwise paid or purchased, as the case may be. Each 2009 Liquidity Facility Provider’s commitment with respect to interest shall be equal to 35 days’ interest on the principal amount of the applicable series of Series 2009 Bonds (assuming an interest rate of 12% per annum). The commitment with respect to interest will be adjusted downward by an amount in proportion to the reduction of the commitment as to principal because of the redemption, defeasance or other payment of such Series 2009 Bonds or the purchase by the applicable 2009 Liquidity Facility Provider of Series 2009 Bonds tendered or deemed tendered in accordance with the terms of the Indenture.

Limitations of Each 2009 Liquidity Facility

The ability to obtain funds under each 2009 Liquidity Facility in accordance with its terms may be limited by federal or state law. Bankruptcy, conservatorship, receivership and similar laws governing financial institutions or any issuer of a standby bond purchase agreement may prevent or restrict payment under the 2009 Liquidity Facility. To the extent the short-term rating on the Series 2009 Bonds depends on the rating of the applicable 2009 Liquidity Facility Provider, the short-term ratings on the Series 2009 Bonds could be downgraded or withdrawn if such 2009 Liquidity Facility Provider were to be downgraded, placed on credit watch or have its ratings suspended or withdrawn or were to refuse to perform under its 2009 Liquidity Facility.

The obligation of the applicable 2009 Liquidity Facility Provider to purchase unremarketed Bonds pursuant to its 2009 Liquidity Facility is subject to the conditions and limitations set forth therein, and is also subject to all rights and defenses available to contracting parties generally. Each 2009 Liquidity Facility is not a guaranty to pay the purchase price of Series 2009 Bonds tendered for purchase. Each 2009 Liquidity Facility is a general contract, subject to certain conditions and limitations, and is not a letter of credit. Purchasers of the Series 2009 Bonds should consult their legal counsel for an explanation of the differences between a general contract and a letter of credit or guaranty. See “RISK FACTORS - Limitations of 2009 Liquidity Facility and Related Risks.”

Substitution of Alternate 2009 Liquidity Facility

Pursuant to the provisions of the Indenture, the Authority may, at any time, deliver a replacement for the 2009 Liquidity Facility (such replacement being hereinafter referred to as an "Alternate 2009 Liquidity Facility") upon satisfaction of certain conditions set forth in the Indenture. The Authority shall provide written notice to the Trustee of any proposed substitution of an Alternate 2009 Liquidity Facility, and the Trustee shall mail notice of such proposed substitution to each Bond owner at least 10 calendar days prior to the effective date of such substitution.

Pursuant to the provisions of the Indenture, the Series 2009 Bonds are subject to mandatory purchase on the date such Alternate 2009 Liquidity Facility shall take effect; provided there shall be no mandatory purchase of the Series 2008 Bonds on the effective date of the provision of the Alternate 2009 Liquidity Facility if the Authority has received Rating Confirmation on the Series 2009 Bonds by each rating agency then providing a rating with respect to the Series 2009 Bonds. The Authority is not required to maintain the 2009 Liquidity Facility with respect to any Series of the Series 2009 Bonds in an Index Rate Period, a Term Rate Period for which there is no Liquidity Facility, or a Fixed Rate Period. In the event that the Authority allows the 2009 Liquidity Facility or any Alternate 2009 Liquidity Facility provided in the form of a standby bond purchase agreement to terminate, the affected Series 2009 Bonds shall be subject to the mandatory tender provisions of the Indenture.

ADDITIONAL TERMS OF THE SERIES 2009 BONDS

Interest Rate Determination Methods

General. Each Series of the Series 2009 Bonds will initially bear interest at a Weekly Rate. The Authority has the right to change the Interest Rate Determination Method for any Series of the Series 2009 Bonds to a different Interest Rate Determination Method (which may be a Daily Rate, a Weekly Rate, a Commercial Paper Rate, an Index Rate, a Term Rate or a Fixed Rate). See “Conversion of Interest Rate Determination Method for Certain Series 2009 Bonds” below.

Each Series of Series 2009 Bonds will initially have a different Remarketing Agent, each of which is referred to herein as “Remarketing Agent.” See “CERTAIN CONSIDERATIONS AFFECTING THE SERIES 2009 BONDS”.

No Daily Rate or Weekly Rate on the Series 2009 Bonds will exceed 12% per annum.

Daily Rate. Upon a successful conversion of a Series of Series 2009 Bonds to the Daily Rate Period, the Series 2009 Bonds of such Series will bear interest at a Daily Rate. During each Daily Rate Period, the Remarketing Agent for such Series is to set a Daily Rate for the Series by 9:30 a.m., New York City time, on each Business Day, which Daily Rate is to be the rate of interest that, if borne by the Series 2009 Bonds in the Daily Rate Period, would, in the reasonable judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Series 2009 Bonds or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series 2009 Bonds for which the Daily Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place the Series 2009 Bonds at a price equal to 100% of the aggregate principal amount of such Series 2009 Bonds (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

Weekly Rate. So long as a Series of Series 2009 Bonds is in the Weekly Rate Period, the Series 2009 Bonds of such Series will bear interest at a Weekly Rate. During each Weekly Rate Period, the Remarketing Agent for such Series is to set a Weekly Rate for the Series, by 5:00 P.M., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week (a “Calendar Week”); *provided*, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate is to be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date. Each Weekly Rate is to be the rate of interest that, if borne by the Series 2009 Bonds in the Weekly Rate Period, would, in the reasonable

judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Series 2009 Bonds for which the Weekly Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series 2009 Bonds for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place the Series 2009 Bonds of each Series at a price equal to 100% of the aggregate principal amount of such Series 2009 Bonds (plus accrued interest, if any) on the first day of such Weekly Rate Period.

Failure to Determine Rate for Certain Rate Periods. If, for any reason, the Daily Rate or the Weekly Rate on any of the Series 2009 Bonds is not established as described above, or there is no Remarketing Agent for those Series 2009 Bonds, or any Daily Rate or Weekly Rate so established is held to be invalid or unenforceable with respect to such rate period, then the interest rate for such Rate Period shall bear interest at the “Alternate Rate” which shall be determined as follows:

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

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

Conversion of Interest Rate Determination Method for Series 2009 Bonds

Right of Conversion. The Interest Rate Determination Method for any Series of Series 2009 Bonds is subject to conversion from one Interest Rate Determination Method to another from time to time by the Authority, with such right to be exercised by delivery of a Conversion Notice to the Notice Parties for the Series 2009 Bonds of such Series to be converted as follows: (1) at least one Business Days prior to the fifteenth day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Daily Rate, Weekly Rate, Commercial Paper Rate, Index Rate; and (2) at least two Business Days prior to the fifteenth day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Term Rate or a Fixed Rate.

The Conversion Notice must be accompanied by (i) a Favorable Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the Series 2009 Bonds to be converted, and (ii) a notice of the new 2009 Liquidity Facility Provider or Credit Provider, if applicable, and the new 2009 Liquidity Facility or Credit Enhancement, if at the same time as such Series 2009 Bonds are being converted there will be a change of 2009 Liquidity Facility provider or 2009 Liquidity Facility, or the Authority enters into an agreement with a Credit Provider to provide Credit Enhancement with respect to such Series 2009 Bonds.

See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”.

Conversion to a different Interest Rate Determination Method means that all Bonds of the Series being converted must be tendered for purchase on the Conversion Date. See “Mandatory Tender Provisions” below.

Notice of Conversion. Upon receipt of a Conversion Notice, as soon as possible, but in any event not less than 15 days prior to the proposed Conversion Date, the Trustee is to give DTC notice by first-class mail. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2009 Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send a Conversion Notice to Beneficial Owners of Series 2009 Bonds.

Failure to Convert. The Indenture includes provisions setting forth the procedures and conditions for the exercise by the Authority of its right of conversion of Series 2009 Bonds from one Interest Rate Determination Method to another. Under certain circumstances, a planned conversion may not be completed. However, once a notice of conversion is provided to DTC as described in the preceding paragraph, all Series 2009 Bonds covered by that notice must be tendered for purchase (whether or not the planned conversion is completed). See “Funding Optional and Mandatory Tenders of Series 2009 Bonds” concerning payment for Series 2009 Bonds so tendered for purchase.

The Indenture provides that a failed conversion of a Series of 2009 Bonds to another Interest Rate Determination Method means that the 2009 Bonds of that Series will continue to bear interest at the Interest Rate Determination Method in effect prior to the proposed Conversion Date (as if no proceedings for Conversion had taken place) and the rate of interest thereon shall be determined on the proposed Conversion Date, and all tendered Series 2009 Bonds will be returned to their respective owners. If the failed conversion is due to insufficient funds, that interest rate is required by the Indenture to be the Maximum Interest Rate of 12% from the date of such failed purchase until all such Series 2009 Bonds are purchased. See “Funding Optional and Mandatory Tenders of Series 2009 Bonds” below.

Optional Tender Provisions

The Series 2009 Bonds (other than Series 2009 Bonds registered in the name of a 2009 Liquidity Facility Provider) bearing interest at a Daily Rate or a Weekly Rate are subject to tender for purchase and remarketing at the option of DTC or the Beneficial Owners of those Bonds, who may elect to have Series 2009 Bonds (or portions thereof in Authorized Denominations) purchased at a purchase price (the “Purchase Price”) equal to the principal amount thereof, without premium, plus any accrued interest to the Purchase Date.

Series 2009 Bonds bearing interest at a Daily Rate may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Holder or the Beneficial Owner of such Series 2009 Bonds to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written or electronic notice by 11:00 A.M. (New York City time) on the Purchase Date, that states the principal amount to be tendered for purchase and the Purchase Date, and (B) delivery of such Series 2009 Bonds to the Trustee on the Purchase Date in accordance with the Indenture.

Series 2009 Bonds bearing interest at a Weekly Rate may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Holder or the Beneficial Owner of such Series 2009 Bonds to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written or electronic notice by 5:00 P.M. (New York City time) on any Business Day at least seven days prior to the Purchase Date, which states the principal amount of such Series 2009 Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such Series 2009 Bonds to the Trustee on the Purchase Date in accordance with the Indenture.

Any instrument delivered to the Trustee in accordance with the provisions of the Indenture described above shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon DTC and any subsequent Holder or Beneficial Owner of the Series 2009 Bonds to which it relates, including any Series 2009 Bond issued in exchange therefore or upon the registration or transfer thereof, and as of the date of such instrument, DTC or the Beneficial Owner shall not have any right to optionally tender for purchase such Series 2009 Bonds prior to the date of purchase specified in such notice. The Authority, the Remarketing Agent and the Trustee may conclusively assume that any person (other than DTC) providing notice of optional tender pursuant to the Indenture is the Beneficial Owner of the Series 2009 Bonds to which such notice relates, and none of the Authority, the Remarketing Agent or the Trustee shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of Series 2009 Bonds.

See “Funding Optional and Mandatory Tenders of Series 2009 Bonds” concerning possible failure to complete the purchase of Series 2009 Bonds tendered for purchase for lack of funds.

Mandatory Tender Provisions

The Series 2009 Bonds of each Series bearing interest at a Daily Rate or a Weekly Rate will be subject to mandatory tender for purchase at the applicable Purchase Price on the Conversion Date (or on the proposed Conversion Date if the conversion fails to occur) of Bonds of that Series to a new Interest Rate Determination Method specified in a Conversion Notice as described above under “Conversion of Interest Rate Determination Method for Series 2009 Bonds.”

The 2009 Liquidity Facility is available to provide funds for the purchase of Series 2009 Bonds that are not successfully remarketed upon optional tender by Bond owners for purchase and remarketing, and for the purchase of Series 2009 Bonds that are not successfully remarketed upon mandatory tender. The Series 2009 Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price (i) on the fifth Business Day preceding the scheduled expiration or the termination of the 2009 Liquidity Facility by the Authority, and (ii) on the date of provision of an Alternate Liquidity Facility and resultant termination of the 2009 Liquidity Facility. No such mandatory tender is required if an Alternate Liquidity Facility is provided to the Trustee and a Rating Confirmation is delivered by each Rating Agency then rating the Series of Series 2009 Bonds with respect to which the Alternate Liquidity Facility is being provided. The Trustee is to give DTC at least 15 days’ notice of any such termination, substitution or expiration.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2009 Bonds will be governed by arrangements among them, and the Authority will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2009 Bonds.

The Authority will designate which Series and which maturities of such Series of Series 2009 Bonds bearing interest at a Daily Rate or a Weekly Rate are to be tendered. If less than all of the Series 2009 Bonds of a Series maturing by their terms on any one date are to be tendered at any one time, DTC’s practice is to determine by lot the amount of the interest of each DTC Direct Participant in the Series to be tendered. For purposes of such selection, the Series 2009 Bonds of such Series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately tendered.

Funding Optional and Mandatory Tenders of Series 2009 Bonds

The Authority expects funds to be made available to purchase Series 2009 Bonds tendered for purchase pursuant to the optional and mandatory tender provisions described above by having Remarketing Agents remarket the tendered Series 2009 Bonds and having the proceeds applied to purchase the tendered Series 2009 Bonds. See “CERTAIN CONSIDERATIONS AFFECTING THE SERIES 2009 BONDS”.

Funds for payment of the purchase price for any Series 2009 Bonds tendered for purchase and not successfully remarketed is expected to be provided under the 2009 Liquidity Facility as described under “THE 2009 LIQUIDITY FACILITIES.” If insufficient funds are available under the 2009 Liquidity Facility, the Authority has the option, but no obligation under the Indenture, to pay the shortfall to the Trustee.

The Indenture provides that if sufficient funds are not available for the purchase of all Series 2009 Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, all Outstanding Bonds of such Series shall bear interest at the Maximum Interest Rate, as required in accordance with the Indenture, and all tendered Series 2009 Bonds of such Series are returned to their respective Owners. Thereafter, the Trustee is to continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the 2009 Liquidity Facility Providers for such Series 2009 Bonds. The Indenture provides that such failed purchase and return shall not constitute an Event of Default.

Mechanics and Timing of Optional and Mandatory Tenders

The mechanics and timing of delivery and payment for Series 2009 Bonds tendered for purchase are addressed in the Indenture. See APPENDIX C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Mandatory Tender for Authority Purchase of Series 2009 Bonds at Election of Authority

The Series 2009 Bonds of each Series bearing interest at a Daily Rate or a Weekly Rate are also subject to mandatory tender for purchase by the Authority, in whole or in part (in Authorized Denominations), on any date such Series of Series 2009 Bonds would be subject to optional redemption (each, an “Optional Purchase Date”) at a purchase price equal to the principal amount of such Series of Series 2009 Bonds to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date, at the option of the Authority exercised on such Optional Purchase Date, of the Series 2009 Bonds to be purchased (the “Optional Purchase Price”). In the event that the Authority determines to purchase any Series 2009 Bonds of a Series on any Optional Purchase Date, the Authority will provide the Trustee with written notice of such determination at least 15 days prior to the Optional Purchase Date, which notice will specify the Series of Series 2009 Bonds and the principal amount of the Series 2009 Bonds of such Series of each maturity which are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Trustee receives notice from the Authority of its determination to purchase Series 2009 Bonds of a Series pursuant the provisions described above, the Trustee shall give notice to DTC, the Remarketing Agent and the 2009 Liquidity Facility Provider, in the name of the Authority, of the mandatory tender for purchase of such Series 2009 Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than 90 nor less than 10 days before the Optional Purchase Date. Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the Series 2009 Bonds and failure of DTC to receive any such notice or any defect

in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of such Series 2009 Bonds pursuant to the provisions of the Indenture described herein. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2009 Bonds will be governed by arrangements among them, and the Authority and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2009 Bonds.

If less than all of the Series 2009 Bonds of a Series maturing by their terms on any one date are to be tendered at any one time, DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant in the Series to be tendered. For purposes of such selection, the Series 2009 Bonds of such Series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately tendered. If at the time the Trustee sends any notice of mandatory tender for purchase of any Series 2009 Bonds as described in the preceding paragraph, the Authority has not deposited with the Trustee an amount sufficient to pay the full Optional Purchase Price of such Series 2009 Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Trustee on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such Series 2009 Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to purchase such Series 2009 Bonds.

Funding for purchases of Series 2009 Bonds pursuant to the mandatory tender at the election of the Authority as described under this heading is not supported by the 2009 Liquidity Facilities described under "THE 2009 LIQUIDITY FACILITIES" nor is it addressed in the Authority's agreements with Remarketing Agents for Series 2009 Bonds.

SACRAMENTO TRANSPORTATION AUTHORITY

General

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

By resolution of the Board of Supervisors of the County, adopted pursuant to the Act, the Governing Board of the Authority is determined in the following manner: five (5) members are appointed by the Board of Supervisors of the County; at least five (5) members are appointed by the City Council of the City of Sacramento; at least one (1) member is appointed collectively by the City Councils of the Cities of Galt and Isleton; and at least one (1) member is appointed by each of the City Councils of the Cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova. In addition, the city council of an existing or future city within the County that attains an incorporated population of 50,000 is entitled to appoint one (1) member to the Governing Body of the Authority. A city may also appoint an additional

member to the Governing Body of the Authority (up to a maximum of five (5) members) for every 100,000 increment in its incorporated population above the threshold population of 50,000.

The current Governing Board of the Authority is comprised of fifteen (15) members: five (5) members of the Board of Supervisors of the County; five (5) members of the City Council of the City of Sacramento; one (1) member of the City Council of the City of Galt, representing the City of Galt and the City of Isleton; and (1) member each of the City Councils of the Cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova. Pursuant to the Act, members of the Governing Board of the Authority serve staggered terms of not more than four (4) years. The Act requires a two-thirds vote of the Governing Board of the Authority in order to issue any limited tax bonds including any Additional Bonds.

Executive Staff

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

BRIAN WILLIAMS – Executive Director since August 1997. Mr. Williams has been in the transportation industry for 20 years. He previously served as the Authority's Acting Executive Director. From 1993-96, he administered the Authority's congestion management program (CMP). He has also worked as a Transportation Planner for the California Department of Transportation district office in Marysville and Sacramento and as a Transportation and Air Quality planner for the Sacramento Area Council of Governments.

MONA STEPHENS – Senior Transportation Administrator (Finance and Accounting) since December 1991. She previously served as an Audit Supervisor, Payroll Supervisor, and Treasury Manager for the County of Sacramento. Ms. Stephens serves on the Special Review Committee of the Government Finance Officers Association (GFOA).

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

THE SALES TAX

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

In November of 2004, more than 75% of the voters in the County voting on such ballot measure approved Measure A ("2004 Measure A") implementing a 30-year half-cent sales tax that became effective on April 1, 2009 and which expires on March 31, 2039. The 2004 Measure A Sales Tax is a special retail transactions and use tax of one half of one percent (0.5%) of the gross receipts of retailers from the sale of all tangible personal property sold at retail in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain exceptions. The 2004 Measure A Sales Tax is authorized under the Authority's Ordinance No. STA 04-01 (the "2004 Ordinance"). As part of the 2004 Ordinance, the Authority also adopted a new Sacramento County Transportation Expenditure Plan 2009-2039 (the "2004 Transportation Expenditure Plan") which governs the expenditure of the 2004 Measure A Sales Tax and the 2004 Measure A Impact Fee (as defined below). See – "THE 2004 MEASURE A IMPACT FEE" and "SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN" below.

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

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

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

The following table shows 1988 Measure A Sales Tax Revenues reported by the Authority during the ten Fiscal Years ended June 30, 2008.

**Sacramento Transportation Authority
Historical 1988 Measure A Sales Tax Revenues
Fiscal Years Ended June 30, 1999 - 2008**

<u>Fiscal Year Ended June 30</u>	<u>1988 Measure A Sales Tax Revenues</u>	<u>Percent Increase (Decrease)</u>
1999	\$69,163,509	--
2000	\$77,964,580	11.3%
2001	\$85,115,891	8.4%
2002	\$85,566,500	.5%
2003	\$88,631,137	3.5%
2004	\$96,090,354	7.8%
2005	\$101,221,107	5.1%
2006	\$108,749,536	6.9%
2007	\$105,533,607	(3.0)%
2008	\$101,392,980	(7.3)%

Source: The Authority.

The Series 2009 Bonds are not secured by 1988 Measure A Sales Tax Revenues.

For a summary of historical taxable retail sales within the County see the table entitled “County of Sacramento, Taxable Transactions by Sector” in APPENDIX B of this Official Statement.

For Fiscal Year 2009, the Authority has received \$92,504,796 (unaudited) of 1988 Measure A Sales Tax Revenues and 2004 Measure A Sales Tax Revenues, a 9.6% reduction from Fiscal Year 2008. For the calendar quarter ending June 30, 2009, Sales Tax Revenues were \$19,874,000, a 9% reduction from the prior quarter and a 16% reduction from the calendar quarter ending June 30, 2008.

For Fiscal Year 2010, the first full year of collection of the 2004 Measure A Sales Tax, the Authority projects it will receive \$89,725,000 of 2004 Measure A Sales Tax Revenues, which is a 3% decrease from Fiscal Year 2009. These amounts are net of the administration fees payable to the Board of Equalization and do not include any investment earnings. Based on this projected amount of 2004 Measure A Sales Tax Revenues and using the Debt Service Schedule set forth above, 2004 Measure A Sales Tax Revenues are projected to be approximately 7.60 times average annual debt service on the Series 2009 Bonds through 2028 and 2.50 times maximum annual debt service on the Series 2009 Bonds.

This projection of 2004 Measure A Sales Tax Revenues has been prepared by, and is the responsibility of, the Authority. This projection of 2004 Measure A Sales Tax Revenues for Fiscal Year 2010 has been prepared by the Authority solely for the purposes of budgeting, internal financial and strategic planning and the Authority has no special expertise in the preparation of revenue projections. This projection was not made with any reference to any standards or guidelines for the preparation of revenue forecasts or projections and is not intended to be a forecast of financial position, results of operations or cash flow of the Authority. In preparing the projection, the Authority consulted with officials at the County and certain cities in the County regarding their projection for sales tax revenues for Fiscal Year 2010 which were used to develop the budgets for these entities. The projected financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information; however, there is no requirement that such projected financial information be prepared in accordance with such guidelines. In all analyses of this type, there are two primary underlying assumptions that are critical to the projection. It is assumed that the historical relationship between the receipts and the key economic and demographic variables will continue to hold true in the future, and it is assumed that the projections of those variables, if any, will be realized. If these two key assumptions are not correct, the difference between projected and actual results may vary and such variations could be significant. In the view of the Authority, the projection of 2004 Measure A Sales Tax Revenues for Fiscal Year 2010 was prepared on a reasonable basis using the methodology described in this section and represents the Authority’s current projection of 2004 Measure A Sales Tax Revenues expected to be received for Fiscal Year 2010. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on this projected financial information.

Neither the Authority's independent auditors, nor any other independent accountants or any other persons, have compiled, examined or performed any procedures with respect to the projected financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial information. The actual Sales Tax Revenues which will be collected and deposited into the Revenue Fund in Fiscal Year 2010 may vary from the projected Sales Tax Revenues because of fluctuating economic conditions and other variables affecting Sales Tax collections which cannot be predicted with certainty. Such fluctuations could be material.

SACRAMENTO COUNTY TRANSPORTATION EXPENDITURE PLAN

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

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

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

Under the 2004 Expenditure Plan, 2004 Measure A Sales Taxes and 2004 Measure A Impact Fees are allocated among certain transportation, public transit and environmental mitigation programs. These allocations are made after required deposits of Sales Tax Revenues are made to funds held under the Indenture for payments of the Series 2009 Bonds and other obligations secured by Sales Tax Revenues, as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS – Revenue Fund; Allocation of Sales Tax Revenue” above. A brief description of the allocations and each program is set forth below.

After deduction of all required Board of Equalization fees and authorized costs, revenues received from 2004 Measure A Sales Taxes and 2004 Measure A Impact Fees are to be distributed by formula allocation to local government and transit agencies as described in the 2004 Expenditure Plan. Any remaining funds received are maintained and expended by the Authority at the discretion of the Governing Board.

Allocation of the 2004 Measure A Sales Taxes and 2004 Measure A Impact Fees is as described below.

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

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

life of the 2004 Expenditure Plan 30% of the 2004 Measure A Sales Tax revenue would be approximately \$1,410,000,000 (2004 dollars).

The remaining 8% of the 2004 Measure A Sales Tax revenue and the entire 35% of the 2004 Measure A Impact Fee revenue is allocated to local arterial safety and traffic operations improvement programs. The 8% portion of the Sales Tax Revenues is further divided. Five percent is to be expended under the local arterial program to fund arterial safety, operational, streetscaping, bicycle and pedestrian improvements, improved accessibility for the disabled and upgrades of arterials to urban standards. The remaining 3% of Sales Tax Revenues is allocated to fund traffic control system improvements, high priority pedestrian and vehicle safety projects and emergency vehicle preemption systems. At the time of adoption of 2004 Measure A it was estimated that over the life of the 2004 Expenditure Plan, 35% of the 2004 Measure A Impact Fees would generate approximately \$171,000,000 (2004 dollars) and 8% of the Sales Tax Revenues would be approximately \$376,000,000 (2004 dollars).

Transit Congestion Relief Program. 38.25% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund transit capital improvements and provide funding for operating and maintaining those improvements. These funds are to be directly subvented to Sacramento Regional Transit based on a five-year transit capital and operating business plan to be updated annually as recommended by the Sacramento Regional Transit District and approved by the Governing Board. It was estimated at the time of the adoption of 2004 Measure A that over the life of the 2004 Expenditure Plan, approximately \$1.8 billion (2004 dollars) would be available from 2004 Measure A Sales Tax revenue and approximately \$98 million (2004 dollars) from 2004 Measure A Impact Fees.

Freeway Safety and Congestion Relief Program. 12% of 2004 Measure A Sales Tax revenue and 20% of 2004 Measure A Impact Fee revenue is allocated to fund congestion relief projects on the freeway system in the County. The program is separated into two general categories: regional bus and carpool lane connections and extensions and local freeway interchange congestion relief upgrades. At the time of adoption of 2004 Measure A it was estimated that over the life of the 2004 Expenditure Program, approximately \$564 million (2004 dollars) in 2004 Measure A Sales Tax revenue and approximately \$98 million (2004 dollars) would be available to fund this program.

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

Independent Taxpayer Oversight Committee. Adoption of 2004 Measure A resulted in the creation of an Independent Taxpayer Oversight Committee ("ITOC"), which will be appointed prior to April 1, 2010. Pursuant to the 2004 Expenditure Plan, the Authority and each agency receiving an allocation of 2004 Measure A Sales Tax revenue is required to undergo an annual audit supervised by the ITOC performed in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller of the United States. Compliance audits are also required to ensure that each agency is expending the funds in accordance with 2004 Measure A guidelines.

Future Financing Plans

The Authority anticipates that the 2004 Expenditure Plan will be funded through a combination of pay-as-you-go and bond financing. The current Plan of Finance for the 2004 Expenditure Plan contemplates issuance of approximately \$8 million of additional Bonds in 2011 and approximately \$20 million in 2013. The Plan of Finance for the 2004 Expenditure Plan assumes compliance with the

Indenture requirements for the issuance of additional Bonds secured by the Sales Tax Revenues. Based on actual receipts of projected revenues, including Sales Tax Revenues, as well as the results of updates to the 2004 Expenditure Plan, plans regarding the timing and principal amount of additional Bonds may be modified. The principal amount of additional Bonds or other financing instruments to be subsequently issued by the Authority and the timing of any such issuance or issuances will be determined by the Authority based on a variety of factors including the costs and timing of design and construction of the transportation projects to be financed and the resources then available. The issuance of additional Bonds is subject to the requirements of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS—Additional Bonds and Parity Obligations.”

SUMMARY OF FINANCING PLAN

The Authority will apply the proceeds of the Series 2009 Bonds to (i) finance a portion of the costs associated with certain transportation projects authorized under the 2004 Expenditure Plan, (ii) pay all principal of the Authority’s Prior Notes outstanding as of the date of closing of the Series 2009 Bonds to their maturity date, (iii) fund a reserve fund securing the Series 2009 Bonds, and (iv) pay the costs of issuing the Series 2009 Bonds. All of the accrued interest payable on the Prior Notes to their maturity was capitalized and is held by the Trustee in the Interest Fund.

In November 2006, the Authority issued its \$95,615,000 Measure A Sales Tax Revenue Notes, Series 2006A and its \$4,475,000 Measure A Sales Tax Revenue Notes, Series 2006B. In October 2007, the Authority issued its \$82,230,000 Measure A Sales Tax Revenue Notes, Series 2007A. A portion of the proceeds of the Series 2009 Bonds will be used to provide sufficient amounts to pay all of the outstanding principal of such outstanding Prior Notes in full at their respective dates of maturity, and upon issuance of the Series 2009 Bonds, the Prior Indenture will be discharged in its entirety and of no further effect on the date of the delivery of the Series 2009 Bonds.

In October 2006, the Authority entered into three interest rate swap agreements in an initial aggregate notional amount of \$318,300,000 (the “Initial Swaps”) pursuant to which the Authority agrees to pay to the counterparties a fixed rate of interest and the counterparties agree to pay the Authority a floating rate of interest. The Initial Swaps are effective as of October 1, 2009, and the notional amounts amortize in tandem with the amortization of the Series 2009 Bonds. Regularly scheduled payments on the Initial Swaps are payable on a parity with the Series 2009 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS – Initial Swap Agreements.”

Estimated Sources and Uses of Funds

The following are the estimated sources and uses of funds with respect to the Series 2009 Bonds:

SOURCES:

Principal Amount \$ _____

TOTAL SOURCES \$ _____

USES:

Series 2009 Project Fund \$ _____

Payment of Prior Notes \$ _____

Bond Reserve Fund \$ _____

Series 2009 Costs of Issuance Fund⁽¹⁾ \$ _____

TOTAL USES \$ _____

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

CERTAIN CONSIDERATIONS AFFECTING THE SERIES 2009 BONDS

The initial Remarketing Agent for the Series 2009A Bonds is Barclays Capital, for the Series 2009B Bonds is J.P. Morgan and for the Series 2009C Bonds is Merrill Lynch, Pierce, Fenner & Smith Incorporated (each a "Remarketing Agent" and collectively the "Remarketing Agents").

Each of the Remarketing Agents has agreed to comply with the remarketing procedures set forth in the Indenture. See APPENDIX C – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Remarketing Agents also have internal practices and procedures pertaining to variable rate demand securities. The resale of Series 2009 Bonds and the rates of interest thereon may be affected by those practices and procedures.

Remarketing Agent Practices and Procedures

The remaining information under this caption "Remarketing Agent Practices and Procedures" has been provided by the Remarketing Agents for inclusion in this Official Statement and the Authority makes no representation regarding its completeness or accuracy.

The Remarketing Agents are Paid by the Authority. The Remarketing Agents' responsibilities include determining the interest rate from time to time and remarketing Series 2009 Bonds that are optionally or mandatorily tendered to it or the Trustee by the Bondowners thereof (subject, in each case, to the terms of the Remarketing Agreements). The Remarketing Agents are appointed by the Authority and are paid by the Authority for their services. As a result, the interests of the Remarketing Agents may differ from those of Bondowners and potential purchasers of Series 2009 Bonds.

Determination of Interest Rates by the Remarketing Agent. On each Rate Determination Date, the Remarketing Agents are required to determine the interest rate that will be effective with respect to the Series 2009 Bonds on the Effective Date. That rate is required by the Indenture to be the lowest rate necessary in the reasonable judgment of the Remarketing Agents to remarket the Series 2009 Bonds at par, plus accrued interest on the Effective Date. For example, while the Series 2009 Bonds bear interest

at a Weekly Interest Rate, by 10 a.m. on Wednesday (the Rate Determination Date), the Remarketing Agents will determine the interest rate that will be effective on such date.

The Remarketing Agents Routinely Purchase Series 2009 Bonds for Their Own Account. The Remarketing Agents act as remarketing agents for a variety of variable rate demand obligations issued by many issuers and, in their sole discretion, routinely purchase such obligations for their own accounts. The Remarketing Agents are permitted, but not obligated, to purchase tendered Series 2009 Bonds for their own accounts and, in their sole discretion, routinely acquire such tendered Series 2009 Bonds in order to achieve a successful remarketing of the Series 2009 Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Series 2009 Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Series 2009 Bonds, and may cease doing so at any time without notice. If the Remarketing Agents cease to purchase Series 2009 Bonds, it may be necessary for the Trustee to draw on the applicable Series 2009 Liquidity Facility to pay tendering Bondholders.]

The Remarketing Agents may also make a secondary market in the Series 2009 Bonds by routinely purchasing and selling Series 2009 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales must be at fair market value, which may be at, above, or below par. No notice period is required for such purchases. However, the Remarketing Agents are not required to make a secondary market in the Series 2009 Bonds. Thus, investors who purchase the Series 2009 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2009 Bonds other than by tendering the Series 2009 Bonds in accordance with the tender process.

The Remarketing Agents may also sell any Series 2009 Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce their exposure to the Series 2009 Bonds. The purchase of Series 2009 Bonds by the Remarketing Agents may create the appearance that there is greater third party demand for the Series 2009 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2009 Bonds being tendered in a remarketing.

Series 2009 Bonds May be Offered at Prices Other Than Par. Pursuant to the Remarketing Agreements, on each Rate Determination Date, the Remarketing Agents are required to determine the interest rate that will be effective with respect to the Series 2009 Bonds on the Effective Date. That rate is required by the Indenture to be the lowest rate necessary in the reasonable judgment of the Remarketing Agents to remarket the Series 2009 Bonds at par, plus accrued interest, if any, on the Effective Date. The interest rate will reflect, among other factors, the level of market demand for the Series 2009 Bonds (including whether the Remarketing Agents are willing to purchase Series 2009 Bonds for their own account). There may or may not be Series 2009 Bonds tendered and remarketed on an Effective Date, and the Remarketing Agents may or may not be able to remarket any Series 2009 Bonds tendered for purchase on such date at par. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third-party buyers for all of the Series 2009 Bonds at the remarketing price.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2009 Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agents may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreements. In the event there is no Remarketing Agent for a particular Series of the Series 2009 Bonds, Bondholders may tender their Series 2009 Bonds to the Trustee, as described under “ADDITIONAL TERMS OF THE SERIES 2009 BONDS--Optional Tender Provisions”. In that event, the Series 2009 Bonds will bear interest at the Alternate Rate, and remarketings of the Series 2009 Bonds will cease until a successor

remarketing agent has been appointed. In this case, tendering Bondholders will be paid from draws on the respective Liquidity Facility.

RISK FACTORS

Economy of the County and the State Following Economic Downturns

The Series 2009 Bonds are secured by a pledge of Sales Tax Revenues, which consist of the 2004 Measure A Sales Tax less an administrative fee paid to the Board of Equalization. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally. As a result, any substantial deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the level of Sales Tax Revenues and therefore upon the ability of the Authority to pay principal of and interest on the Series 2009 Bonds. For information relating to economic conditions within the County and the State see APPENDIX B - "INFORMATION REGARDING THE COUNTY OF SACRAMENTO" which is the most current information available from the sources cited therein; however, the information in APPENDIX B has not been updated to reflect the most recent economic conditions which may exist in the County.

The economy of the County is currently in a recession as evidenced by a decrease in Sales Tax Revenues, an increased unemployment rate, a decrease in total personal income and taxable sales, a drop in residential and commercial building permits, a decline in the rate of home sales and the median price of single-family homes and condominiums, an increase in notices of default on mortgage loans secured by homes and condominiums and an increase in foreclosures resulting from such defaults. The current domestic and international recession and financial crisis has had, and is expected to continue to have, significant negative repercussions upon the County, State, national and global economies, including reduced revenues for government, increased unemployment, a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, increase in interest costs, reduced business activity, increased consumer bankruptcies, and increased business failures and bankruptcies. Furthermore, as with other states, the State has had to address a significant budget deficit by, in part, reducing expenditures for state employees through a reduction in work time and other cost cutting measures. The State and other government entities are major employers in the County.

President Barack Obama, on February 17, 2009, signed the American Recovery and Reinvestment Act of 2009. The \$787 billion economic stimulus measure is a combination of tax cuts and government spending on public works projects, education, health care, energy and technology. Congress, the Federal Reserve Board and other agencies of the federal government and foreign governments have taken various actions that are designed to enhance liquidity, improve the performance and efficiency of credit markets and generally stabilize securities markets and stimulate spending. There can be no assurance these actions will be effective.

The financial crisis has had a particularly acute impact upon the financial sector in the past year, and has caused many banks and other financial institutions to seek additional capital, to merge, and in some cases, to fail. Continued weakness of the economy could have a material adverse effect upon the 2009 Liquidity Providers and the counterparties under the Initial Swap Agreements, and could impair the ability of the 2009 Liquidity Providers to pay draws made on the Liquidity Facilities to pay the Purchase Price of the Series 2009 Bonds and the swap counterparties to perform under the Initial Swap Agreements. Further, the ability of a Bondholder to optionally tender its Series 2009 Bonds for purchase is dependent on the ability of the applicable Remarketing Agent to remarket such tendered Series 2009 Bonds or the ability of the applicable 2009 Liquidity Providers to purchase such Series 2009 Bonds that cannot be remarketed. Upheavals in the financial markets may make the ability to remarket Series 2009 Bonds difficult or impossible. No assurance can be given that the Remarketing Agents will continue in

the municipal market. The departure of certain investment banking firms from the securities market and the bankruptcy of others has reduced the number of firms willing to serve as remarketing agents. Without a remarketing agent, it will not be possible to remarket tendered Series 2009 Bonds. In addition, these developments and other in the financial markets could result in an inability by the Authority to obtain an extension of either or both of the 2009 Liquidity Facilities beyond their initial expiration dates or to obtain an Alternate Liquidity Facility for either or both Series of Series 2009 Bonds.

The Authority has significant holdings in a broad range of investments. Market fluctuations have affected and will continue to affect materially the value of those investments and those fluctuations may be and historically have been material. The market disruptions have exacerbated the market fluctuations, but as a result of stable investments in government securities, the Authority's portfolio has not suffered any major losses with respect to the principal amount of funds invested. The Authority has experienced a reduction in interest income on such investments as a result of current market conditions.

The Sales Tax

With limited exceptions, the 2004 Measure A Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the 2004 Measure A Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. For a further description of the 2004 Measure A Sales Tax, see "THE SALES TAX."

The increasing use of the internet to conduct electronic commerce may adversely impact Sales Tax Revenues. To the extent that transactions otherwise subject to the retail transactions and use tax imposed by the 2004 Ordinance avoid the imposition of sales and use tax because they constitute sales over the internet that are not subject to such tax, the Sales Tax Revenues may be negatively impacted. The Authority can provide no assurance that internet sales will not adversely impact the amount of Sales Tax Revenues available to meet the obligations of the Series 2009 Bonds.

State and Local Sales Tax

The 2004 Measure A Sales Tax is in addition to 8.25% sales and use tax levied statewide by the State of California. Combined with the 2004 Measure A Sales Tax, this State sales tax results in transactions in the County being taxed at an effective rate of 8.75%. There could be additional increases in the State sales tax which could have an adverse effect on consumption resulting in a reduction in the 2004 Measure A Sales Tax.

In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in California of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of California for use within the State, subject to certain exceptions. Action by the State legislature or by voter initiative could change the transactions and items upon which the statewide sales and use tax and the 2004 Measure A Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial impact on the Sales Tax Revenues. The Authority is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See also "Proposition 218" below.

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIIC and XIID to the California Constitution. Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Authority. The 2004 Measure A Sales Tax received the approval of more than 2/3 of the voters as required by Article XIIC. However, Article XIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Authority, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the 2004 Measure A Sales Tax in a manner which would prevent the payment of debt service on the Series 2009 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

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

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2009 Bonds in the event of a default in the payment of principal and interest on the Series 2009 Bonds when due; provided that Liquidity Facility Bonds are subject to acceleration as set forth in the Liquidity Facilities. In the event of a default by the Authority, each Holder of a Series 2009 Bond will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture.” See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the Series 2009 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2009 Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the Series 2009 Bonds. Should interest become includable in federal gross income, the Series 2009 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

Limitations of 2009 Liquidity Facility and Related Risks

The ability to obtain funds under each 2009 Liquidity Facility in accordance with its terms may be limited by federal or state law. Bankruptcy, conservatorship, receivership and similar laws governing financial institutions may prevent or restrict payment under each Liquidity Facility. The ratings on the Series 2009 Bonds depend on the ratings of the 2009 Liquidity Facility Providers; accordingly, the ratings on the Series 2009 Bonds could be downgraded, withdrawn or placed on credit watch if the 2009 Liquidity Facility Providers were to be downgraded, placed on credit watch or have their credit suspended or withdrawn or were to refuse to perform under the applicable 2009 Liquidity Facility.

The obligation of each of the 2009 Liquidity Facility Providers under its 2009 Liquidity Facility to purchase unremarketed Series 2009 Bonds is subject to the conditions and limitations set forth therein,

and is also subject to all rights and defenses available to contracting parties generally. The 2009 Liquidity Facility is not a guaranty to pay the purchase price of the Series 2009 Bonds tendered for purchase. The 2009 Liquidity Facility is a general contract subject to certain conditions and limitations, and is not a letter of credit. Purchasers of the Series 2009 Bonds should consult their legal counsel for an explanation of the differences between a general contract and a letter of credit or guaranty. The information set forth in this Official Statement is included as a summary of selected differences and does not purport to be complete or definitive.

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

In contrast, each of the 2009 Liquidity Facilities is a general contract only. No law expressly requires performance of the contract, although the non-breaching party would be entitled to allowable damages if there were a breach of contract. Although the Trustee is authorized to draw funds in accordance with the terms of each 2009 Liquidity Facility, each 2009 Liquidity Facility Provider has no independent obligation to the Trustee. If a dispute were to develop, the 2009 Liquidity Facility Providers will have all defenses allowed by law or in equity to their payment under or other performance of the 2009 Liquidity Facility, including but not limited to disputes (whether valid or not) regarding the authority of any party to enter into or perform each 2009 Liquidity Facility. Laws regarding contracts allow more of such defenses than laws regarding letters of credit do.

Any of the 2009 Liquidity Facility Providers or the Authority may seek to have any future dispute resolved in court and appealed to final judgment before such 2009 Liquidity Facility Provider performs under its respective 2009 Liquidity Facility. Further, even if the Authority were to prevail against a 2009 Liquidity Facility Provider, a court would not necessarily order such 2009 Liquidity Facility Provider to perform under its respective 2009 Liquidity Facility; it could instead award damages for breach of contract to the Authority. Any such award would not necessarily be in an amount sufficient to pay the purchase price of the applicable Series of the Series 2009 Bonds. See “2009 LIQUIDITY FACILITY – Limitations of Each 2009 Liquidity Facility.”

Factors Relating to Swaps

The Authority has entered into the Initial Swaps and has reserved the right to enter into other interest rate swaps or hedge agreements prior to the maturity date of the Series 2009 Bonds that are secured by Sales Tax Revenues. Any interest rate swap or other hedge agreement, including the Initial Swaps, to which the Authority is a party may, at any time, have a negative value to the Authority. There are no automatic termination events under the Initial Swaps, but there are various events that give rights to the Authority and the Counterparties to terminate their respective Interest Rate Swap Agreement. Other swap or hedge agreements entered into by the Authority would likely have early termination rights for both parties. If either a swap or other hedge counterparty or the Authority terminates such an agreement when the agreement has a negative value to the Authority, the Authority would generally be obligated to make a termination payment to the counterparty in the amount of such negative value, and such payment could be substantial. Under the Initial Swaps, the Authority’s obligation to make such a termination payment is subordinate to the Authority’s obligation to pay the principal of and interest on the Series 2009 Bonds. A counterparty may generally only terminate such an agreement upon the occurrence

of defined events of default and termination events, including, without limitation, nonpayment by the Authority or in the event rating agencies withdraw or downgrade the ratings of the Authority below specified levels.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or, to the best knowledge of the Authority, threatened against the Authority concerning the validity of the Series 2009 Bonds. The Authority is not aware of any litigation pending or threatened against the Authority questioning the political existence of the Authority or contesting the Authority's ability to impose and collect the 2004 Measure A Sales Tax.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2009 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed forms of opinions of Bond Counsel is set forth in Appendix E hereto.

Series 2009 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2009 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2009 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2009 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2009 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2009 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2009 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009 Bonds may

otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2009 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2009 Bonds. Prospective purchasers of the Series 2009 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2009 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

BOND COUNSEL'S ENGAGEMENT WITH RESPECT TO THE SERIES 2009 BONDS ENDS WITH THE ISSUANCE OF THE SERIES 2009 BONDS, AND, UNLESS SEPARATELY ENGAGED, BOND COUNSEL IS NOT OBLIGATED TO DEFEND THE AUTHORITY OR THE BENEFICIAL OWNERS REGARDING THE TAX-EXEMPT STATUS OF THE SERIES 2009 BONDS IN THE EVENT OF AN AUDIT EXAMINATION BY THE IRS. UNDER CURRENT PROCEDURES, PARTIES OTHER THAN THE AUTHORITY AND THEIR APPOINTED COUNSEL, INCLUDING THE BENEFICIAL OWNERS, WOULD HAVE LITTLE, IF ANY, RIGHT TO PARTICIPATE IN THE AUDIT EXAMINATION PROCESS. MOREOVER, BECAUSE ACHIEVING JUDICIAL REVIEW IN CONNECTION WITH AN AUDIT EXAMINATION OF TAX-EXEMPT BONDS IS DIFFICULT, OBTAINING AN INDEPENDENT REVIEW OF IRS POSITIONS WITH WHICH THE AUTHORITY LEGITIMATELY DISAGREES, MAY NOT BE PRACTICABLE. ANY ACTION OF THE IRS, INCLUDING BUT NOT LIMITED TO SELECTION OF THE SERIES 2009 BONDS FOR AUDIT, OR THE COURSE OR RESULT OF SUCH AUDIT, OR AN AUDIT OF BONDS PRESENTING SIMILAR TAX ISSUES MAY AFFECT THE MARKET PRICE FOR, OR THE MARKETABILITY OF, THE SERIES 2009 BONDS, AND MAY CAUSE THE AUTHORITY OR THE BENEFICIAL OWNERS TO INCUR SIGNIFICANT EXPENSE.

LEGAL MATTERS

The validity of the Series 2009 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by its general counsel and by Nossaman LLP, as Disclosure Counsel, for the Underwriters by their counsel, Squire, Sanders & Dempsey LLP, and for the 2009 Liquidity Facility Providers by their respective counsel, McDermott Will & Emery LLP (counsel to Barclays Bank) and Winston & Strawn LLP (Counsel to JPMorgan Chase Bank and Bank of America).

RATINGS

Moody's Investors Service and Standard & Poor's Ratings Services have assigned long-term ratings on the Series 2009 Bonds of "____" and "____" respectively. Moody's Investors Service and Standard & Poor's Ratings Services have assigned short-term ratings on the Series 2009 Bonds of "____" and "____" respectively. The short-term ratings on the Series 2009 Bonds are based upon the delivery concurrently with the delivery of the Series 2009 Bonds of the 2009 Liquidity Facilities by the 2009 Liquidity Facility Providers.

The ratings described above reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings, or other actions by a rating agency relating to its rating, may have an adverse effect on the market price and marketability of such Series 2009 Bonds.

UNDERWRITING

The Authority expects to enter into a Purchase Contract (the "Purchase Contract") with respect to the Series 2009 Bonds with Barclays Capital, J.P. Morgan and Merrill Lynch, Pierce Fenner & Smith Incorporated, each on behalf of itself (collectively, the "Underwriters") pursuant to which each of the Underwriters will agree, but only as to the applicable Series of Series 2009 Bonds they are obligated to purchase and subject to certain conditions, to purchase the applicable Series of Series 2009 Bonds for reoffering at an aggregate purchase price of \$_____, which represents the aggregate principal amount of the Series 2009 Bonds less an aggregate underwriters' discount of \$_____.

The Underwriters will purchase all of the applicable Series 2009 Bonds they are obligated to purchase if any are purchased. The Underwriters will agree to make a public offering of the Series 2009 Bonds at par.

CO-FINANCIAL ADVISORS

The Authority has retained Public Financial Management, Inc., Newport Beach, California, and The Pineapple Group, Sacramento, California, as co-financial advisor (collectively, the "Financial Advisor") in connection with the authorization and delivery of the Series 2009 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. Compensation paid to the Financial Advisor is conditioned on the successful issuance of the Series 2009 Bonds

RELATIONSHIP OF CERTAIN PARTIES

Barclays Bank PLC is the 2009 Liquidity Provider for the Series 2009A Bonds. An affiliate, Barclays Capital Inc., is the underwriter and remarketing agent for the Series 2009A Bonds. JPMorgan Chase Bank, N.A. is the 2009 Liquidity Provider for the Series 2009B Bonds and also is a party to one of the Initial Swap Agreements. An affiliate, J.P. Morgan is the underwriter and remarketing agent for the

Series 2009B Bonds. Bank of America is the 2009 Liquidity Provider for the Series 2009C Bonds and is also party to one of the Initial Swap Agreements. Bank of America, N.A. is an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated which is the underwriter and remarketing agent for the Series 2009C Bonds, and both are wholly-owned, indirect subsidiaries of the Bank of America Corporation.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Financial information relating to the Authority is included in the Authority's Audited Financial Statements For Year Ended June 30, 2008. The Authority's Audited Financial Statements For Fiscal Year Ended June 30, 2008 are included as part of Appendix A. The financial statements of the Authority as of June 30, 2008 included in Appendix A in this Official Statement have been audited by Richardson & Company, Certified Public Accountants, as stated in their report appearing in Appendix A. Richardson & Company was not requested to consent to the inclusion of its report in APPENDIX A, nor has it undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Richardson & Company with respect to any event subsequent to the date of its report. Except as disclosed herein with respect to the reduction in the receipt of Sales Tax Revenues, the Authority represents that there has been no material adverse change in its financial position since June 30, 2008. For more recent financial information with respect to the collection of Sales Tax Revenues, see "THE SALES TAX—Historical Sales Tax Revenues."

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority and holders of any of the Series 2009 Bonds. All quotations from and summaries and explanations of the Indenture, and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.

The execution and delivery of this Official Statement by the Executive Director of the Authority has been duly authorized by the Authority.

**SACRAMENTO TRANSPORTATION
AUTHORITY**

By: /s/ Brian Williams
Executive Director

APPENDIX A

**SACRAMENTO TRANSPORTATION AUTHORITY
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2008**

APPENDIX B

COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION

The information in this Appendix B is the most current information available from the sources cited herein; however, the information has not been updated to reflect the most recent economic conditions which may exist in the County.

Population

Population in Sacramento County reflects continued growth as shown in the following table. Population rose 81.4% in the 1950's. During the 1960's, 1970's, 1980's, 1990's and 2000's population growth totaled 26.2%, 23.5%, 32.9%, 17.5%, and 14.78% respectively. Since 1980, population growth has totaled 66.67%.

The State Department of Finance estimates Sacramento County population at 1,433,187 as of January 1, 2009. Sacramento County currently has seven incorporated cities: Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova and Sacramento. Approximately 33.57% of the county's population lives in the City of Sacramento. Approximately 39.44% of the county's population lives in unincorporated areas, giving Sacramento County one of the largest unincorporated populations among all counties in the State.

<u>Area</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2008</u>	<u>2009</u>
Cities:								
Citrus Heights	---	---	---	---	---	85,071	87,321	87,565
Elk Grove	---	---	---	---	---	---	139,542	141,430
Folsom	1,690	3,925	5,810	11,003	29,802	51,884	72,590	71,018
Galt	1,333	1,868	3,200	5,514	8,889	19,472	23,913	24,133
Isleton	1,597	1,039	909	914	833	828	817	818
Rancho Cordova	---	---	---	---	---	---	60,975	61,817
Sacramento	137,572	191,667	257,105	275,741	369,365	407,018	475,743	481,097
Unincorporated Area	<u>134,948</u>	<u>304,279</u>	<u>367,349</u>	<u>490,209</u>	<u>632,330</u>	<u>659,226</u>	<u>563,514</u>	<u>565,309</u>
Total	277,140	502,778	634,373	783,381	1,041,219	1,223,499	1,424,415	1,433,187

Industry and Employment

The County of Sacramento is part of the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area ("MSA"), which also includes the counties of El Dorado, Placer and Yolo. Major job categories comprised 74.2% of the Sacramento-Arden Arcade-Roseville MSA's work force through June of 2007. These were services (34.5%), government (25.6%), and wholesale and retail trade (14.1%). In 2008, these major categories comprised 74.27% of the Sacramento-Arden Arcade-Roseville MSA's work force, with services (36.65%), government (26.85%), and wholesale and retail trade (10.77%) respectively.

As of June 2009, the unemployment rate in the Sacramento-Arden Arcade-Roseville MSA was 11.6% compared to an unadjusted unemployment rate of 11.6% for the State. The unemployment rate was 11.5% in El Dorado County, 11.4% in Placer County, 11.8% in Sacramento County, and 11.1% in Yolo County. The following table summarizes annual average employment by industry in Sacramento-Arden Arcade-Roseville MSA.

**SACRAMENTO-ARDEN ARCADE-ROSEVILLE
METROPOLITAN STATISTICAL AREA
Labor Market Survey ⁽¹⁾
(Amounts Expressed in Thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009⁽³⁾</u>
Natural Resources and Mining	0.7	0.7	0.8	0.7	0.7	0.6
Construction	70.8	73.4	71.0	66.9	56.1	45.0
Manufacturing						
Nondurables	13.7	13.3	13.2	12.7	12.6	12.2
Durable	33.7	35.5	36.0	28.1	26.5	23.7
Transportation and Public Utilities	22.9	23.4	23.9	25.4	25.0	23.9
Information	20.9	19.9	19.9	20.1	19.1	17.4
Wholesale Trade	26.5	26.9	28.6	27.9	26.5	24.3
Retail Trade	96.7	98.7	100.6	99.8	95.4	88.1
Finance, Insurance and Real Estate	60.4	63.5	65.3	57.2	53.2	53.2
Services ⁽²⁾	291.4	301.6	312.7	324.5	324.7	314.7
Government	221.6	224.0	228.4	235.0	237.9	242.1
Agriculture	7.4	7.4	7.6	7.9	8.3	9.5
Total	866.4	888.3	908.0	906.2	886.0	854.7

Source: California State Department of Employment Development

(1) Amounts are averages for calendar years.

(2) The category of Services is comprised of Professional & Business Services, Educational & Health Services, Leisure and Hospitality and Other Services.

(3) Preliminary data as of June 2009.

Major Employers

The table below represents the Sacramento Region Major Private-Sector Employers for the greater Sacramento area (including, Sacramento, El Dorado, Placer, and Yolo Counties). Major private employers in the Sacramento area include those in electronics, health care services, retail sales, and telecommunications services. Major private sector employers, their products or services, and their number of employees in 2009 are reflected in the following table.

SACRAMENTO REGION MAJOR PRIVATE-SECTOR EMPLOYERS		
2009		
<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
Sutter Health Sacramento Sierra Region	Healthcare	10,405
Kaiser Permanente	Health Care	9,319
Raley's Inc.	Retail Groceries	7,565
Intel Corp.	Semiconductors and Related Devices	7,000
University of California, Davis (UCD) Health System	Healthcare	6,404
CHW/Mercy Healthcare Sacramento	Healthcare	5,119
AT&T California	Telecommunications	4,828
Hewlett-Packard Co.	Computer Hardware Manufacturer	3,800

Target Corp.	Retail	3,482
Wells Fargo & Co.	Financial Services	3,167
Source: Sacramento Area Commerce and Trade Organization (SACTO) 2009 Databook		

Major public sector employers include the State of California and the County. The State currently employs 110,900 personnel in the County in various branches of government, making the State the largest employer in the area. County employees account for 22,700 additional jobs in the community.

Commercial Activity

Commercial activity is an important contributor to the County’s economy.

SACRAMENTO COUNTY Taxable Transactions 2003 Through Second Quarter of 2008*

(Amounts Expressed in Thousands of Dollars)

	2003	2004	2005	2006	2007	2008*
Apparel Stores Group	\$ 515,374	\$ 591,633	\$ 646,188	\$ 652,320	\$ 653,594	\$ 151,603
General Merchandise Stores Group	2,105,678	2,267,632	2,381,491	2,454,816	2,447,216	574,123
Specialty Stores Group	1,928,593	2,045,400	2,186,836	2,236,992	**	**
Food Stores Group	823,780	850,531	885,721	920,753	920,698	232,011
Eating & Drinking Places	1,375,098	1,488,882	1,606,306	1,687,711	1,717,772	435,159
Household and Home Furnishings Group	668,311	708,595	735,292	653,574	548,536	108,079
Building Materials Group	1,348,880	1,630,292	1,666,931	1,511,444	1,290,861	307,726
Automotive Group	3,562,066	3,830,827	4,116,420	4,079,709	2,567,020	557,323
All Other Retail Stores	<u>456,038</u>	<u>527,975</u>	<u>587,227</u>	<u>615,724</u>	<u>2,544,502</u>	<u>624,764</u>
Retail Stores Total	\$12,783,818	\$13,941,767	\$14,812,412	\$14,813,043	\$14,253,867	\$3,488,809
Business and Personal Services	906,662	907,240	888,931	888,878	854,120	194,354
All Other Outlets	<u>4,815,986</u>	<u>5,367,915</u>	<u>5,565,157</u>	<u>5,438,465</u>	<u>5,452,523</u>	<u>1,463,781</u>
Total All Outlets	\$18,506,466	\$20,216,922	\$21,266,500	\$21,140,386	\$20,560,510	\$5,146,944

Source: California State Board of Equalization.

* 2008 Figures are through the Second Quarter.

** Category for Specialty Stores Group discontinued after 2006.

Agriculture

Agriculture continues to be a factor in the county’s economy; however, with the ever-increasing urban and commercial development of the County, agriculture’s relative impact on the county’s economy has declined in recent years. The gross value of agricultural production in 2008 reached \$357,803,000, an decrease of \$7,056,000 from the previous year.

Construction Activity

The value of building permits issued in the County totaled \$1,870,071,000 in 2008, an increase of 45.86% from the prior year. From 2001 through 2006, the value of nonresidential building permits reflects a total increase of 30.1%. From 2001 through 2004, residential permit valuations increased 54.6%; however in 2005, the residential permit valuations decreased 20.2% from the prior year, and in 2006, the residential permit valuations decreased 39.8% from 2005. In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2004 through June of 2009 are shown in the following table.

SACRAMENTO COUNTY
Building Permit Valuations
2004 through June of 2009
(Amounts Expressed in Thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Valuation:</u>						
Residential	2,569,946	2,050,138	1,233,407	641,591	704,571	183,467
Nonresidential	<u>654,407</u>	<u>735,192</u>	<u>748,075</u>	<u>370,930</u>	<u>1,165,500</u>	<u>275,825</u>
Total	3,224,353	2,785,330	1,981,482	1,012,521	1,870,071	459,292
<u>New Housing</u>						
<u>Units:</u>						
Single-family	10,185	7,839	4,318	2,200	1,933	404
Multiple-family	<u>2,777</u>	<u>1,910</u>	<u>2,345</u>	<u>553</u>	<u>1,231</u>	<u>34</u>
Total	12,962	9,749	6,663	2,753	3,164	438

Source: 2004-2007 data from Sacramento County Assessor's Office; 2008-2009 data from Construction Industry Research Board.

Transportation

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

Transcontinental and intrastate rail service is provided by the Union Pacific Railroad. Passenger rail service is provided by AMTRAK. Bus lines offering intercity as well as local service include Greyhound and Sacramento Regional Transit.

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

Sacramento International Airport (SMF) is about 12 miles northwest of downtown Sacramento. The airport is served by 13 passenger airlines, which includes two commuter airlines. Since September 11, 2001, SMF has demonstrated its strength among airports by adding four new air carriers (Mexicana, Frontier, Hawaiian, and JetBlue). Executive Airport, located in Sacramento, is a full-service, 680-acre facility serving general aviation. Currently, Mather Airport is served by three all-cargo carriers. In addition to Sacramento International Airport, Executive Airport, and Mather Airport, there is one other County operated general airport and numerous private airports.

Education

Public school education is provided by 13 school districts (eight are Unified School Districts) plus the County Office of Education and consists of the following types of schools: 20 pre-

schools; 230 elementary; 41 middle; 73 secondary (high schools); 1 K-1st grade; 1 K-3rd grade; 1 2nd-6th grade; 52 charter schools; 5 special education centers; 19 community schools; and 3 alternative schools. The County Office of Education runs three community schools and 7 juvenile schools. Five special education centers run by the various districts and approximately 35 special education sites are run by the Office of Education. There are approximately 143 private schools in the County with an enrollment of approximately 19,788 as of _____. Public school enrollment for 2008/09 is approximately 237,722.

The Los Rios Community College District serves the majority of Sacramento County, as well as portions of El Dorado, Placer, Yolo and Solano Counties. The District maintains four campuses in the County -- American River College, located in the northeastern unincorporated area of Carmichael; Sacramento City College, located in Sacramento; Cosumnes River College, located in the southern area of the City of Sacramento; and Folsom Lake-El Dorado College located in the northeast area of the County. The 2008 school-year enrollment total at the four campuses was approximately 87,000 students. A preliminary estimate indicates that enrollment increased to 88,236 for the spring 2009 semester. The southernmost portion of the County is served by the San Joaquin Delta Community College District.

California State University at Sacramento offers four-year programs in business administration, liberal arts, engineering, education, and nursing, and master's degrees in service fields. Fall 2008 enrollment was approximately 29,011 students, an increase from Fall 2006's enrollment of 28,529 students. Other higher education facilities located in Sacramento are the University of Phoenix, University of Southern California, McGeorge School of Law which is a branch of the University of the Pacific, University of San Francisco, University of California at Davis Extension, and the Medical Center of the University of California at Davis.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from sources that the Authority and the Underwriters believe to be reliable, but neither the Authority nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Official Statement and in APPENDIX C – “Definitions and Summary of Certain Provisions of the Indenture.”

DTC will act as securities depository for the Series 2009 Bonds. The Series 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009 Bond certificate will be issued for each maturity of each Series of the Series 2009 Bonds, in the aggregate principal amount of such Series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (“NSCC,” “FICC,” and “EMCC,” also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Authority. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2009 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Authority and the Trustee will not have any responsibility or obligation to such DTC Participants or the persons for whom they act as nominees with respect to the Series 2009 Bonds.

Redemption notices shall be sent to DTC. If less than all of the Series 2009 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2009 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2009 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2009 Bonds are required to be printed and delivered as described in the Indenture.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.

No Assurance Regarding DTC Practices

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE SERIES 2009 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE SERIES 2009 BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2009 BONDS. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTEXT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2009 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the Series 2009 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such person, forwarded in writing by such Participant and to receive notification of all interest payments.

NONE OF THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE SERIES 2009 BONDS TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL SERIES 2009 BONDS OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE SERIES 2009 BONDS. NO ASSURANCE CAN BE GIVEN BY THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE REGISTERED OWNER OF THE SERIES 2009 BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

In the event the Authority or the Trustee determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the Series 2009 Bonds, and the Authority does not select another qualified securities depository, the Authority shall deliver one or more Series 2009 Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of Series 2009 Bonds will be governed by the provisions of the Indenture.

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX F

2009 LIQUIDITY FACILITY PROVIDERS

The information contained in this appendix has been provided by the 2009 Liquidity Facility Providers. No representation as to the accuracy or completeness of such information is made by the Authority or the Underwriters. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of any of the 2009 Liquidity Facility Providers since the date hereof, or that the information contained or referred to in this appendix is correct as of any time subsequent to its date.

BARCLAYS BANK PLC—2009 SERIES A LIQUIDITY PROVIDER

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the "Group") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor's, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated AA- by Standard & Poor's, Aa3 by Moody's and AA- by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2008, the Group had total assets of £2,053,029 million (2007: £1,227,583 million), total net loans and advances¹ of £509,522 million (2007: £385,518 million), total deposits² of £450,443 million (2007: £386,395 million), and total shareholders' equity of £43,574 million (2007: £31,821 million) (including minority interests of £2,372 million (2007: £1,949 million)). The profit before tax of the Group for the year ended 31 December 2008 was £6,035 million (2007: £7,107 million) after impairment charges on loans and advances and other credit provisions of £5,419 million (2007: £2,795 million). The financial information in this paragraph is extracted from the audited Annual Report of the Group for the year ended 31 December 2008.

Based on the Group's unaudited financial information for the six months ended 30 June 2009, the Group had total assets of £1,545,528 million, total net loans and advances¹ of £464,748 million, total deposits² of £424,908 million, and total shareholders' equity of £48,846 million (including minority interests of £2,533 million). The profit before tax of the Group for the six months ended 30 June 2009 was £2,965 million after impairment charges and other credit provisions of £4,556 million. The financial information in this paragraph is extracted from the unaudited Interim Results Announcement of the Group for the six months ended 30 June 2009.

¹ Total net loans and advances include balances relating to both bank and customer accounts.

² Total deposits include deposits from bank and customer accounts.

BANK OF AMERICA, N.A.—2009 SERIES C LIQUIDITY PROVIDER

Bank of America, N.A. (the “*Bank*”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “*Corporation*”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2009, the Bank had consolidated assets of \$1.45 trillion, consolidated deposits of \$1 trillion and stockholder’s equity of \$150 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2008, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “*SEC*”).

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

Moody’s Investors Service, Inc. (“*Moody’s*”) currently rates the Bank’s long-term debt as “Aa3” and short-term debt as “P-1.” The outlook is stable. Standard & Poor’s currently rates the Bank’s long-term debt as “A+” and its short-term debt as “A-1.” The outlook is stable. Fitch Ratings, Inc. (“*Fitch*”) currently rates long-term debt of the Bank as “A+” and short-term debt as “F1+.” The outlook is stable. Further information with respect to such ratings may be obtained from Moody’s, Standard & Poor’s and Fitch, respectively. No assurances can be given that the current ratings of the Bank’s instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

JPMorgan Chase Bank, National Association (the “Bank”) is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of June 30, 2009, JPMorgan Chase Bank, National Association, had total assets of \$1,664 billion, total net loans of \$567.8 billion, total deposits of \$974.5 billion, and total stockholder’s equity of \$132.1 billion. These figures are extracted from the Bank’s unaudited Consolidated Reports of Condition and Income (the “Call Report”) as at June 30th, 2009, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles, which are filed with the Federal Deposit Insurance Corporation. The Call Report, including any update to the above quarterly figures, can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2008, of JPMorgan Chase & Co., the 2008 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the “SEC”) by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC’s website at www.sec.gov.