

S&P: “AAA”

Fitch: “AAA”

In the opinion of Orrick Herrington & Sutcliffe LLP, Bond Counsel to Alameda CTC, 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 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014 Bonds. See “Tax Matters” herein.



\$137,145,000
ALAMEDA COUNTY TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
Series 2014

Dated: Date of Delivery**Due: March 1 as shown on inside cover**

The Alameda County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 in the aggregate principal amount of \$137,145,000 (the “Series 2014 Bonds”) are being issued by the Alameda County Transportation Commission (“Alameda CTC”) pursuant to an Indenture, dated as of February 1, 2014, as supplemented by a First Supplemental Indenture, dated as of February 1, 2014 (together, the “Indenture”), each between Alameda CTC and Union Bank, N.A., as trustee (the “Trustee”). Proceeds of the Series 2014 Bonds will be applied (i) to finance a portion of the transportation improvements outlined in the Expenditure Plan, as described herein, (ii) to fund capitalized interest on the Series 2014 Bonds, as described herein, and (iii) to pay costs of issuance of the Series 2014 Bonds. See “PLAN OF FINANCE” herein.

The Series 2014 Bonds will be registered in the name of Cede & Co, as holder of the Series 2014 Bonds and nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers will not receive certificates representing their interest in the Series 2014 Bonds purchased. The principal of and interest on the Series 2014 Bonds are payable by wire transfer to DTC which, in turn, will remit such principal or interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Series 2014 Bonds, as more fully discussed herein.

The Series 2014 Bonds will mature in the amounts and will bear interest at the rates set forth in the inside cover page hereof. Interest is payable on March 1 and September 1 of each year, commencing September 1, 2014. The Series 2014 Bonds are being issued as fully registered bonds without coupons in the denominations of \$5,000 and any integral multiple thereof.

The Series 2014 Bonds are not subject to optional or mandatory redemption prior to their maturity.

The Series 2014 Bonds are limited obligations of Alameda CTC secured by a pledge of the Sales Tax Revenues and certain funds held by the Trustee. The Sales Tax is a one-half of one percent (0.5%) retail transactions and use tax which took effect in the County of Alameda (the “County”) on April 1, 2002. In November 2000 more than two-thirds of the electorate of the County voting on Measure B approved Measure B imposing the Sales Tax. The Sales Tax will expire on March 31, 2022. The Series 2014 Bonds are secured by a pledge of amounts collected on account of the Sales Tax, less certain administrative fees paid to the California State Board of Equalization in connection with the collection and disbursement of the Sales Tax (the “Sales Tax Revenues”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS” herein.

THE SERIES 2014 BONDS WILL BE LIMITED OBLIGATIONS OF ALAMEDA CTC AND WILL BE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST FROM REVENUES, PRIMARILY CONSISTING OF SALES TAX REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE, AND ALAMEDA CTC WILL NOT BE OBLIGATED TO PAY THE SERIES 2014 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE SERIES 2014 BONDS WILL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN ALAMEDA CTC, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF ALAMEDA CTC WILL NOT BE LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE INDENTURE) OF ALAMEDA CTC WILL NOT BE PLEDGED FOR THE PAYMENT OF THE SERIES 2014 BONDS OR INTEREST THEREON. THE SERIES 2014 BONDS WILL NOT BE SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF ALAMEDA CTC OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision with respect to the Series 2014 Bonds.

The Series 2014 Bonds will be offered when, as and if received by the Underwriters, subject to the approval of validity by Orrick Herrington & Sutcliffe LLP, Bond Counsel to Alameda CTC, and certain other conditions. Certain legal matters will be passed upon for Alameda CTC by its Disclosure Counsel, Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, and by Wendel, Rosen, Black & Dean LLP, General Counsel to Alameda CTC, and for the Underwriters by their counsel, Nixon Peabody LLP. It is anticipated that the Series 2014 Bonds in definitive form will be available for delivery through the facilities of DTC on or about March 4, 2014.

Citigroup**Barclays**

Dated: February 10, 2014

\$137,145,000
ALAMEDA COUNTY TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
Series 2014

Maturity Schedule

Maturity Date (March 1)	Principal Amount	Interest Rate	Yield	CUSIP* (Base No. 011118)
2017	\$20,770,000	3.00%	0.46%	BA3
2018	5,000,000	3.00	0.79	BB1
2018	16,395,000	4.00	0.79	BD7
2019	22,200,000	4.00	1.10	BC9
2020	23,085,000	5.00	1.47	BE5
2021	24,240,000	5.00	1.81	BF2
2022	25,455,000	4.00	2.15	BG0

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Alameda CTC, the Financial Advisor and the Underwriters are not responsible for the selection or correctness of the CUSIP numbers set forth herein.

No dealer, salesman or any other person has been authorized by the Alameda County Transportation Commission ("Alameda CTC") or the underwriters of the Series 2014 Bonds listed on the cover page hereof (the "Underwriters") to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by Alameda CTC or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2014 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2014 Bonds. Neither the delivery of this Official Statement nor the sale of any of the Series 2014 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from Alameda CTC and other sources believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Alameda CTC since the date hereof. All summaries contained herein of the Indenture (as defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by Alameda CTC except statistical information or other statements where some other date is indicated in the text.

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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2014 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") website. Alameda CTC maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2014 Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “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 Alameda CTC in any way, regardless of the level of optimism communicated in the information. Alameda CTC is not obligated to issue any updates or revisions to forward-looking statements in any event.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

COMMISSIONERS

Supervisor Scott Haggerty (Alameda County, District 1), Chair
Councilmember At-Large Rebecca Kaplan (City of Oakland), Vice Chair

Director Elsa Ortiz (Alameda-Contra Costa Transit District)	Councilmember Ruth Atkin (City of Emeryville)
Supervisor Richard Valle (Alameda County, District 2)	Mayor William Harrison (City of Fremont)
Supervisor Wilma Chan (Alameda County, District 3)	Councilmember Marvin Peixoto (City of Hayward)
Supervisor Nate Miley (Alameda County, District 4)	Mayor John Marchand (City of Livermore)
Supervisor Keith Carson (Alameda County, District 5)	Councilmember Luis Freitas (City of Newark)
Director Tom Blalock (San Francisco Bay Area Rapid Transit District)	Vice Mayor Larry Reid (City of Oakland)
Mayor Marie Gilmore (City of Alameda)	Mayor John Chiang (City of Piedmont)
Mayor Peggy Thomsen (City of Albany)	Mayor Jerry Thorne (City of Pleasanton)
Councilmember Laurie Capitelli (City of Berkeley)	Councilmember Michael Gregory (City of San Leandro)
Mayor Tim Sbranti (City of Dublin)	Mayor Carol Dutra-Vernaci (City of Union City)

MANAGEMENT

Arthur L. Dao, Executive Director
Tess Lengyel, Deputy Director of Planning and Policy
Stewart Ng, Deputy Director of Programming and Projects
Patricia Reavey, Director of Finance

SPECIAL SERVICES

Financial Advisor

Public Financial Management, Inc.
San Francisco, California

General Counsel

Wendel Rosen Black & Dean LLP
Oakland, California

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Disclosure Counsel

Fulbright & Jaworski LLP
(a member of Norton Rose Fulbright)
Los Angeles, California

Trustee

Union Bank, N.A.
San Francisco, California

(THIS PAGE INTENTIONALLY LEFT BLANK)

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General	1
Authority for Issuance.....	1
Purpose and Application of Proceeds; No Additional Debt Contemplated for Expenditure	
Plan Projects	1
The Series 2014 Bonds	1
Security for the Bonds	2
Limited Obligations	2
No Additional Parity Bonds Other Than Refunding Bonds.....	2
No Acceleration Provision or Increase in Interest Rate Upon Default	2
No Reserve Fund	3
Continuing Disclosure	3
References.....	3
THE SERIES 2014 BONDS	3
General	3
No Redemption	4
DEBT SERVICE SCHEDULE.....	4
PLAN OF FINANCE.....	4
ESTIMATED SOURCES AND USES OF FUNDS	5
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS.....	5
Limited Obligations	5
Pledge of Sales Tax Revenues and Certain Funds and Accounts Held by Trustee	5
Revenue Fund; Allocation of Sales Tax Revenues	6
No Bond Reserve Fund for the Series 2014 Bonds	9
No Additional Parity Bonds Other Than Refunding Bonds.....	9
Subordinate Obligations.....	10
THE SALES TAX	11
General	11
Collection of Sales Tax Revenues	11
Historical Sales Tax Revenues.....	12
Other Sales Taxes Imposed in the County.....	14
ALAMEDA COUNTY TRANSPORTATION COMMISSION.....	14
General	14
Governance	15
Executive Staff.....	15
Expenditure Plan.....	16
Future Expenditure Plan	17
Cash and Investments	18
Debt Policy	18
RISK FACTORS	19
Economy of the County and the State.....	19
Collection of the Sales Tax	19
Increased Internet Use May Reduce Sales Tax Revenues	19

TABLE OF CONTENTS
(continued)

	Page
Proposition 218	19
Further Initiatives.....	20
No Acceleration or Increase in Interest Rate Upon Default	20
Loss of Tax Exemption.....	20
Bankruptcy Considerations	20
FINANCIAL STATEMENTS	21
LITIGATION.....	22
TAX MATTERS.....	22
LEGAL MATTERS.....	24
RATINGS	24
UNDERWRITING	24
FINANCIAL ADVISOR	25
CONTINUING DISCLOSURE.....	25
MISCELLANEOUS	26
 APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013	 A-1
APPENDIX B – COUNTY OF ALAMEDA DEMOGRAPHIC AND ECONOMIC INFORMATION	B-1
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.....	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT	D-1
APPENDIX E – BOOK-ENTRY SYSTEM	E-1
APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION	F-1

OFFICIAL STATEMENT

\$137,145,000
ALAMEDA COUNTY TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
Series 2014

INTRODUCTION

General

This Official Statement, which includes the cover page and the appendices hereto, sets forth certain information in connection with the offering by the Alameda County Transportation Commission (“Alameda CTC”) of \$137,145,000 aggregate principal amount of Alameda County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 (the “Series 2014 Bonds”). The Series 2014 Bonds will be the first series of bonds issued by Alameda CTC secured under Measure B (as defined herein). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” or, if not defined therein, in the Indenture.

Authority for Issuance

The Series 2014 Bonds are being issued by Alameda CTC under and pursuant to the authority granted under Division 19 of the Public Utilities Code of the State of California (Section 180000 et seq.) (the “Act”), Ordinance No. 2000-1 adopted on July 25, 2000 pursuant to the provisions of Section 180000 through Section 180264 inclusive of the Act (“Ordinance No. 2000-1”), and the Indenture, dated as of February 1, 2014, as supplemented and amended from time to time pursuant to its terms, including as supplemented by a First Supplemental Indenture, dated as of February 1, 2014, (together, the “Indenture”), each between Alameda CTC and Union Bank, N.A., as trustee (the “Trustee”).

Purpose and Application of Proceeds; No Additional Debt Contemplated for Expenditure Plan Projects

Proceeds of the Series 2014 Bonds will be applied: (i) to finance a portion of the transportation improvements consisting of the capital projects outlined in the Expenditure Plan (as described herein), (ii) to fund capitalized interest on the Series 2014 Bonds, as described herein, and (iii) to pay costs of issuance of the Series 2014 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. Other than the Series 2014 Bonds, Alameda CTC does not currently plan to issue additional debt to finance projects under the Expenditure Plan.

The Series 2014 Bonds

Interest on the Series 2014 Bonds will be payable on each March 1 and September 1, commencing September 1, 2014. The Series 2014 Bonds will be issued as fully registered bonds without coupons in the denominations of \$5,000 and any integral multiple thereof. The Series 2014 Bonds will be registered in the name of Cede & Co., as holder of the Series 2014 Bonds and nominee for The Depository Trust Company (“DTC”). Purchasers will not receive physical certificates representing their interest in the Series 2014 Bonds purchased.

The Series 2014 Bonds are not subject to redemption prior to their maturity.

Security for the Bonds

The Series 2014 Bonds are limited obligations of Alameda CTC payable from and secured by certain revenues (the “Revenues”) pledged under the Indenture, including a pledge of revenues (the “Sales Tax Revenues”) derived from a one-half of one percent retail transactions and use tax known as Measure B (“Measure B”) that became effective on April 1, 2002 (the “Sales Tax”), imposed in the County in accordance with the Act and Part 1.6 of Division 2 of the Revenue and Taxation Code, net of an administrative fee paid to the California State Board of Equalization (the “BOE”) in connection with the collection and disbursement of the Sales Tax. The Sales Tax was approved on November 7, 2000 by more than two-thirds of the electorate of the County voting on Measure B and is scheduled to expire on March 31, 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS” herein.

Limited Obligations

THE SERIES 2014 BONDS WILL BE LIMITED OBLIGATIONS OF ALAMEDA CTC AND WILL BE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST FROM REVENUES, PRIMARILY CONSISTING OF SALES TAX REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE, AND ALAMEDA CTC WILL NOT BE OBLIGATED TO PAY THE SERIES 2014 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE SERIES 2014 BONDS WILL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN ALAMEDA CTC, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF ALAMEDA CTC WILL NOT BE LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE INDENTURE) OF ALAMEDA CTC WILL NOT BE PLEDGED FOR THE PAYMENT OF THE SERIES 2014 BONDS OR INTEREST THEREON. THE SERIES 2014 BONDS WILL NOT BE SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF ALAMEDA CTC OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE.

No Additional Parity Bonds Other Than Refunding Bonds

Other than Refunding Bonds and Parity Obligations incurred in connection with Refunding Bonds, Alameda CTC may not issue additional bonds or incur any other obligations secured by the Sales Tax Revenues on a parity with or senior to the Series 2014 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – No Additional Parity Bonds Other Than Refunding Bonds” herein.

No Acceleration Provision or Increase in Interest Rate Upon Default

The Indenture does not contain a provision allowing for the acceleration of the Series 2014 Bonds or an increase in the interest rate on the Series 2014 Bonds in the event of a default in the payment of principal and interest on the Series 2014 Bonds when due. In the event of a default by Alameda CTC, the Holders of at least a majority of the aggregate amount of the Series 2014 Bonds will have the right to request the Trustee to exercise the remedies, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

No Reserve Fund

No reserve fund will be established for the Series 2014 Bonds.

Continuing Disclosure

Alameda CTC will covenant for the benefit of the beneficial owners of the Series 2014 Bonds to provide certain financial information and operating data relating to Alameda CTC and notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”). These covenants are being made in order to assist the Underwriters of the Series 2014 Bonds in complying with Rule 15c2-12 (the “Rule”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” Alameda CTC has not previously delivered an undertaking pursuant to the Rule.

References

The descriptions and summaries of the Indenture and various other 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 Alameda CTC.

THE SERIES 2014 BONDS

General

The Series 2014 Bonds will be the first series of Bonds issued by Alameda CTC. The Series 2014 Bonds will mature on March 1 in the years and in the principal amounts shown on the inside cover of this Official Statement. Interest on the Series 2014 Bonds will be payable on each March 1 and September 1 of each year, commencing September 1, 2014 (each an “Interest Payment Date”), and will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Interest on each Series 2014 Bond will be payable by check mailed by first-class mail on each Interest Payment Date to the Holder thereof as of the close of business on the Record Date or, upon the written request of any Holder of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds who has provided the Trustee with wire transfer instructions, by wire transfer to an account within the United States on each Interest Payment Date, to the Holder thereof as of the close of business on the Series 2014 Record Date. “Record Date” means the fifteenth day of the calendar month prior to the calendar month in which an Interest Payment Date occurs, whether or not such day is a Business Day.

The Series 2014 Bonds will be issued as fully registered bonds without coupons in the denominations of \$5,000 and any integral multiple thereof. The Depository Trust Company (“DTC”) will act as the initial securities depository for the Series 2014 Bonds, which will be issued initially pursuant to a book-entry only system. See APPENDIX E – “BOOK-ENTRY SYSTEM.” Under the Indenture, Alameda CTC may appoint a successor securities depository to DTC for the Series 2014 Bonds. The information under this caption, “THE SERIES 2014 BONDS,” is subject in its entirety to the provisions described in APPENDIX E – “BOOK-ENTRY SYSTEM” while the Series 2014 Bonds are in DTC’s book-entry system.

No Redemption

The Series 2014 Bonds are not subject to optional or mandatory redemption prior to their maturity.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Series 2014 Bonds.

Fiscal Year Ending June 30,	Principal	Interest ⁽¹⁾	Debt Service ⁽¹⁾
2015	--	\$ 5,653,838.75	\$ 5,653,838.75
2016	--	5,701,350.00	5,701,350.00
2017	\$ 20,770,000	5,701,350.00	26,471,350.00
2018	21,395,000	5,078,250.00	26,473,250.00
2019	22,200,000	4,272,450.00	26,472,450.00
2020	23,085,000	3,384,450.00	26,469,450.00
2021	24,240,000	2,230,200.00	26,470,200.00
2022	25,455,000	1,018,200.00	26,473,200.00
Total	\$137,145,000	\$33,040,088.75	\$170,185,088.75

⁽¹⁾ Does not reflect Series 2014 Bond proceeds to be applied to pay interest on the Series 2014 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

PLAN OF FINANCE

Proceeds of the Series 2014 Bonds will be applied: (i) to finance a portion of the transportation improvements consisting of the Bay Area Rapid Transit (“BART”) Warm Springs Extension, the BART Oakland Airport Connector, the Route 84 Expressway, the I-580 Corridor Improvement, the Downtown Oakland Streetscape Improvement, the Iron Horse Bicycle, Pedestrian, and Transit Route, the I-880/State Route 92 Reliever-Clawiter/Whitesell Interchange, the I-880 Corridor Improvement and the I-680 Express Lane projects or such other transportation improvements as permitted by the Act, Ordinance No. 2000-1, the Expenditure Plan and the tax certificate executed and delivered in connection with the Series 2014 Bonds, (ii) to fund capitalized interest on the Series 2014 Bonds, as described herein, and (iii) to pay costs of issuance of the Series 2014 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “ALAMEDA COUNTY TRANSPORTATION EXPENDITURE PLAN” herein.

[Remainder of page intentionally left blank.]

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the funds are as follows:

Sources of Funds:

Par Amount of Series 2014 Bonds	\$137,145,000.00
Premium	<u>20,335,855.85</u>
Total Sources	<u>\$157,480,855.85</u>

Uses of Funds:

Deposit to Project Fund	\$136,552,457.61
Deposit to Interest Fund ⁽¹⁾	20,335,855.85
Costs of Issuance ⁽²⁾	<u>592,542.39</u>
Total Uses:	<u>\$157,480,855.85</u>

⁽¹⁾ To be applied to pay interest on the Series 2014 Bonds to and including September 1, 2017 and a portion of the interest due on the Series 2014 Bonds on March 1, 2018.

⁽²⁾ Includes underwriters' discount, rating agency fees, Trustee fees, printing costs, Bond Counsel, Disclosure Counsel, General Counsel and Financial Advisor fees and expenses and other miscellaneous expenses.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS

Limited Obligations

THE SERIES 2014 BONDS WILL BE LIMITED OBLIGATIONS OF ALAMEDA CTC AND WILL BE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST FROM REVENUES, PRIMARILY CONSISTING OF SALES TAX REVENUES AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE, AND ALAMEDA CTC WILL NOT BE OBLIGATED TO PAY THE SERIES 2014 BONDS EXCEPT FROM SUCH REVENUES AND SUCH FUNDS. THE SERIES 2014 BONDS WILL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN ALAMEDA CTC, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF ALAMEDA CTC WILL NOT BE LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE INDENTURE) OF ALAMEDA CTC WILL NOT BE PLEDGED FOR THE PAYMENT OF THE SERIES 2014 BONDS OR INTEREST THEREON. THE SERIES 2014 BONDS WILL NOT BE SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF ALAMEDA CTC OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE.

Pledge of Sales Tax Revenues and Certain Funds and Accounts Held by Trustee

Pursuant to the Indenture, Alameda CTC will pledge to the Trustee: (i) all Revenues (including all Sales Tax Revenues), and (ii) all amounts, including proceeds of the Series 2014 Bonds, held on deposit in the funds and accounts established in the Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Sales Tax Revenues consist of the amounts collected on account of the Measure B Sales Tax imposed in the County pursuant to the Act and Ordinance No. 2000-1, after deducting amounts payable by Alameda CTC to the BOE for costs and expenses for its services. The collateral identified above will immediately be subject to the pledge under the Indenture, and the pledge shall constitute a first lien on and security

interest in such collateral which will immediately attach to the collateral and be effective, binding and enforceable against Alameda CTC and all others asserting the rights therein, to the extent set forth, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Revenues and all amounts held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund) will be irrevocable until all of the Series 2014 Bonds and any Refunding Bonds are no longer Outstanding and all Parity Obligations, Subordinate Obligations and Fee and Expense Obligations and amounts owed in connection with the Series 2014 Bonds, any Refunding Bonds, Parity Obligations, Subordinate Obligations and Fee and Expense Obligations have been paid. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Alameda CTC will assign and cause all amounts available for distribution to Alameda CTC on account of the Sales Tax, after deducting amounts payable by Alameda CTC to the BOE for costs and expenses for its services in connection with the Sales Tax, to be transmitted by the BOE to the Trustee, which will hold amounts deposited in the Interest Fund and Principal Fund in trust for the benefit of the holders of the Bonds and will remit the remainder to Alameda CTC in accordance with the Indenture. See “THE SALES TAX – Collection of Sales Tax Revenues” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Revenue Fund; Allocation of Sales Tax Revenues” herein.

The Project Fund will be held by the Trustee and the Project Fund, investments held therein and the investment earnings thereon will be pledged to the repayment of the Series 2014 Bonds pursuant to the Indenture.

Alameda CTC shall not be required to advance any moneys derived from any source other than Revenues for the payment of principal or interest on the Series 2014 Bonds or for any other purpose of the Indenture.

For a more detailed description of the Sales Tax Revenues and projected receipts of Sales Tax Revenues, see “THE SALES TAX” herein.

Revenue Fund; Allocation of Sales Tax Revenues

The Trustee will deposit all Sales Tax Revenues, when and as received by the Trustee, in a trust fund, designated as the Revenue Fund (the “Revenue Fund”). All other Revenues will also be deposited in the Revenue Fund.

So long as any Bonds remain Outstanding and any Parity Obligations, Subordinate Obligations, Fee and Expense Obligations and 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 semiannual amount of interest becoming due and payable on the Outstanding Current Interest Bonds (other than Bonds constituting Variable Rate Indebtedness) during the next ensuing six (6) months (excluding any

interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months); plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by Alameda CTC, or if Alameda CTC does not specify an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus 100 basis points (provided, however, that the amount of such deposit into the Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Interest Fund for any month will be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Variable Rate Indebtedness). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Bonds issued under the Indenture and then Outstanding, and on March 1 and September 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having Interest Payment Dates other than March 1 and September 1) will be transferred to Alameda CTC (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates); subject to such adjustments as are provided pursuant to the provisions of the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

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 Alameda CTC 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.

If Sales Tax Revenues shall not be sufficient to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from said Term Bonds any

of said Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually as shall have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that the Sales Tax Revenues shall not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts 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) moneys 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 Alameda CTC 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. At the beginning of each Fiscal Year and in any event not later than March 1 of each year, the Trustee is required to request from Alameda CTC a Certificate of Alameda CTC setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On March 1 of each year or as soon as practicable thereafter any excess amounts in the Principal Fund not needed to pay principal on such date (and not held to pay principal on Bonds having principal payment dates other than March 1) will be transferred to Alameda CTC. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

3 Bond Reserve Fund. Upon the occurrence of any deficiency in any Bond Reserve Fund, the Trustee will make such deposit to such Bond Reserve Fund as is required by the Indenture 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.” No Bond Reserve Fund will be established in connection with the issuance of the Series 2014 Bonds.

4 Subordinate Obligations Fund. If Alameda CTC issues or incurs Subordinate Obligations, the Trustee will establish, maintain and hold in trust a separate fund designated as the “Subordinate Obligations Fund.” After the transfers described in (1), (2) and (3) above have been made, the Trustee will deposit in the Subordinate Obligations Fund in each month such amount as Alameda CTC will specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

5 Fees and Expenses Fund. If Alameda CTC incurs Fee and Expense Obligations, the Trustee will establish, maintain and hold in trust a separate fund designated as the “Fees and Expenses Fund.” After the transfers described in (1), (2), (3) and (4) above have been made, the Trustee will deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or owing in the following month by Alameda CTC. Alameda CTC will inform the Trustee of such amounts, in writing, such notification to be provided no later than the tenth calendar day of each month.

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

All amounts held on deposit in the funds and accounts established pursuant to the provisions of the Indenture will be held by the Trustee for the benefit of the Holders of the Series 2014 Bonds and any Refunding Bonds. After making the foregoing allocations, all Sales Tax Revenues will be transferred to Alameda CTC and may be applied by Alameda CTC for all lawful purposes of Alameda CTC.

No Bond Reserve Fund for the Series 2014 Bonds

No Bond Reserve Fund will be established for the Series 2014 Bonds.

No Additional Parity Bonds Other Than Refunding Bonds

General. Subsequent to the issuance of the Series 2014 Bonds, the Alameda CTC may only issue additional Bonds in order to refund all or any portion of any Series 2014 Bonds or Parity Obligations then outstanding. Any such additional Series of Bonds shall be payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2014 Bonds and shall be established by Supplemental Indenture, subject, among other things, to the following conditions precedent to the issuance of any additional Series of Bonds:

(A) No Event of Default shall have occurred and then be continuing under the Indenture.

(B) Subject to the provisions of the Indenture relating to application of moneys in a Bond Reserve Fund, if a Supplemental Indenture providing for the issuance of such Series of Bonds shall require either (i) the establishment of a Bond Reserve Fund to provide additional security for such Series of Bonds or (ii) that the balance on deposit in an existing Bond Reserve Fund be increased, forthwith upon the receipt of the proceeds of the sale of such Series, to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond 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. Such deposit shall be made as provided in the Supplemental Indenture providing for the issuance of such additional Series of Bonds and may be made from the proceeds of the sale of such Series of Bonds or from other funds of Alameda CTC or from both such sources or may be made in the form of a Reserve Facility. No Bond Reserve Fund will be established for the Series 2014 Bonds.

(C) The aggregate principal amount of Bonds issued under the Indenture shall not exceed any limitation imposed by the Act, Ordinance No. 2000-1 or any other law or by any Supplemental Indenture.

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

Proceedings for Issuance of Refunding Bonds. Subsequent to the issuance of the Series 2014 Bonds, before any additional Series of Bonds shall be issued and delivered, Alameda CTC shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied).

(A) A Supplemental Indenture authorizing such Series executed by Alameda CTC.

(B) A Certificate of Alameda CTC certifying: (i) that no Event of Default has occurred and is then continuing under the Indenture; and (ii) that the requirement specified in paragraph (B) under the caption “– No Additional Parity Bonds Other Than Refunding Bonds – *General*” above has been satisfied by Alameda CTC.

(C) A Certificate of Alameda CTC certifying 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.

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

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

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

Subordinate Obligations

Except to the extent restricted by the Indenture, Alameda CTC 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. Alameda CTC currently has no outstanding Subordinate Obligations and currently has no plans to issue any Subordinate Obligations.

THE SALES TAX

General

In accordance with the Act, on November 7, 2000, more than two-thirds of the voters of the County voting on the measure (specifically 81.5% of such voters) approved Measure B, which authorized the imposition of the Sales Tax in the County. The Sales Tax commenced on April 1, 2002 and will be collected for a twenty-year period ending on March 31, 2022. The Sales Tax consists of a one-half of one percent (1/2%) sales tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain limited exceptions described below.

The one-half of one percent sales tax imposed in the County for transportation purposes and administered by Alameda CTC is in addition to the sales tax levied statewide by the State of California (the “State”) and certain other sales taxes imposed by cities and local agencies within the County. See “THE SALES TAX – Other Sales Taxes Imposed in the County.” Proposition 30, approved by the voters of the State in the November 2012 election, increased the statewide sales tax by one-quarter of one percent, from 7.25% to 7.5%, for a period of four years from January 1, 2013 to December 31, 2016. In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. 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 applies to purchases made outside of the State for use within the State.

The Sales Tax generally is imposed upon the same transactions and items subject to the sales and use tax levied statewide by the State (hereinafter collectively referred to as the “State Sales Tax”), with generally the same exceptions. Many categories of transactions are exempt from the State Sales Tax and the Sales Tax. The most important of these exemptions are: sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity and water when delivered to consumers through mains, lines and pipes. In addition, “Occasional Sales” (*i.e.*, sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax and from the Sales Tax; however, the “Occasional Sales” exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County which are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt from the State Sales Tax and from the Sales Tax.

Action by the State Legislature or by voter initiative or judicial decisions interpreting State law could change the transactions and items upon which the State Sales Tax and the Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Sales Tax Revenues. Alameda CTC is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See also “RISK FACTORS – Proposition 218” herein.

Collection of Sales Tax Revenues

Collection of the Sales Tax is administered by the BOE. Alameda CTC and the BOE have entered into an agreement for state administration of transactions and use taxes, which was amended and restated on January 29, 2014 to authorize payment of Sales Tax Revenues directly to the Trustee. Pursuant to the amended and restated agreement, the BOE, after deducting amounts payable to itself for

administrative costs, will be required to remit the balance of amounts received from the Sales Tax directly to the Trustee. Pursuant to the Indenture, if the Alameda CTC receives any Sales Tax Revenues from the BOE, the Alameda CTC covenants and agrees that any such Sales Tax Revenues will be received and held in trust for (and remitted immediately to) the Trustee. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - The Indenture - Certain Covenants of the Alameda CTC - Collection of Sales Tax Revenues.” The Trustee will be required to apply the Sales Tax Revenues to make deposits to the funds and accounts established under the Indenture. Sales Tax Revenues not required for such deposits will be remitted to Alameda CTC. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS” herein. The fee that the BOE is authorized to charge for collection of the Sales Tax is determined by State legislation. The BOE fee for collection of the Sales Tax for Fiscal Year 2013-14 is estimated at \$1,507,530.

Historical Sales Tax Revenues

Original Measure B Sales Tax Revenues. Prior to the effective date of Measure B, the Alameda County Transportation Authority, a predecessor entity of the Alameda CTC, levied a one-half of one percent retail transactions and use tax within the County (the “Original Measure B”), collection of which has terminated. The Original Measure B sales tax took effect on April 1, 1987 and terminated on March 31, 2002. See “ALAMEDA COUNTY TRANSPORTATION COMMISSION.” The following table sets forth Original Measure B sales tax revenues net of the BOE administrative fee for the Fiscal Years indicated. The Original Measure B sales tax revenues are not pledged to the Series 2014 Bonds and do not secure the Series 2014 Bonds.

ALAMEDA COUNTY TRANSPORTATION COMMISSION ORIGINAL MEASURE B SALES TAX REVENUES

Fiscal Year Ended June 30	Original Measure B Sales Tax Revenues⁽¹⁾
1987	\$ 10,725,000 ⁽²⁾
1988	48,994,336
1989	56,334,056
1990	59,820,532
1991	60,943,767
1992	57,394,535
1993	61,350,479
1994	62,863,545
1995	67,407,355
1996	76,016,134
1997	81,044,792
1998	87,389,449
1999	89,781,906
2000	100,486,834
2001	116,425,703
2002	75,869,110 ⁽³⁾

⁽¹⁾ Net of BOE administrative fee.

⁽²⁾ Partial Fiscal Year collection.

⁽³⁾ Partial fiscal year collection; Original Measure B expired on March 31, 2002.

Source: Alameda CTC.

Sales Tax Revenues. The Sales Tax took effect on April 1, 2002 and terminates on March 31, 2022. The following table sets forth Sales Tax Revenues net of the BOE administrative fee for the Fiscal Years indicated.

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
HISTORICAL SALES TAX REVENUES**

Fiscal Year Ended June 30	Sales Tax Revenues⁽¹⁾	% Change From Prior Fiscal Year
2002	\$ 22,583,145 ⁽²⁾	--
2003	92,695,376	--
2004	99,054,892	6.86%
2005	101,134,874	2.10
2006	110,339,552	9.10
2007	113,726,121	3.07
2008	116,267,321	2.23
2009	101,317,661	(12.86)
2010	94,453,574	(6.77)
2011	105,393,813	11.58
2012	112,568,093	6.81
2013	121,084,780	7.57

⁽¹⁾ Net of BOE administrative fee.

⁽²⁾ Sales Tax Revenues collected from April 1, 2002, commencement of the Sales Tax, through June 30, 2002.
Source: Alameda CTC.

Annual Sales Tax Revenues for the Fiscal Year ended June 30, 2013 were \$121,084,780, representing an increase in the amount of \$8,516,687 or 7.57% from Sales Tax Revenues for the Fiscal Year ended June 30, 2012. Sales Tax Revenues for the first quarter of the Fiscal Year ending June 30, 2014 were \$31,666,900, representing an increase of 2.49% from Sales Tax Revenues for the first quarter of the Fiscal Year ended June 30, 2013.

Alameda CTC is unable to predict the amount of future Sales Tax Revenues. For a summary of historical taxable retail sales within the County, see the table entitled "County of Alameda, Taxable Sales Transactions" in APPENDIX B – "COUNTY OF ALAMEDA DEMOGRAPHIC AND ECONOMIC INFORMATION."

The following table sets forth the Maximum Annual Debt Service coverage ratio for the Series 2014 Bonds based on Sales Tax Revenues for the Fiscal Year ended June 30, 2013 and a par amount of \$137,145,000.

ALAMEDA COUNTY TRANSPORTATION COMMISSION COVERAGE RATIO

Sales Tax Revenues Fiscal Year Ended June 30, 2013	Maximum Annual Debt Service	Coverage Ratio
\$121,084,780	\$26,473,250	4.57x

Source: Public Financial Management, Inc.

Other Sales Taxes Imposed in the County

With limited exceptions, the Sales Tax is imposed on the same transactions and items subject to the State Sales Tax. See “RISK FACTORS – Other Sales Taxes” herein. In addition to the State Sales Tax and the Sales Tax, the following sales and use taxes are imposed by certain entities within the County. No portion of the State Sales Tax or the following taxes imposed within the County are pledged to the repayment of the Series 2014 Bonds.

<u>Sales and Use Tax</u>	<u>Tax Rate</u>	<u>Effective Date</u>	<u>Termination Date</u>
Alameda County Essential Health Care Services ⁽¹⁾	0.50%	07/01/2004	06/30/2019
San Francisco Bay Area Rapid Transit District ⁽¹⁾	0.50%	04/01/1970	N/A
City of Albany ⁽²⁾	0.50%	04/01/2013	03/31/2021
City of San Leandro ⁽²⁾	0.25%	04/01/2011	03/31/2018
City of Union City ⁽²⁾	0.50%	04/01/2011	03/31/2015

⁽¹⁾ Levied throughout the County.

⁽²⁾ Levied only in the respective cities.

Source: California City and County Sales and Use Tax Rates (October 1, 2013) and BOE.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

General

Alameda CTC is a joint powers agency formed to plan, fund and deliver a broad spectrum of transportation projects and programs to enhance mobility throughout the County. Alameda CTC is the successor to two previous agencies, the Alameda County Transportation Improvement Authority (“ACTIA”), which was the successor to the Alameda County Transportation Authority (“ACTA”) and the Alameda County Congestion Management Agency (“ACCMA”), as described below.

ACTA was created in connection with the approval of a ballot measure (“Original Measure B”) by County voters in November 1986. Original Measure B authorized the imposition of a one-half of one percent (½%) sales and use tax in the County for a period of 15 years. Proceeds of Original Measure B funded highway improvements, local transportation improvements, and transit funding in the County identified in the Alameda County Expenditure Plan adopted on April 1, 1986.

In November 2000, prior to the expiration of Original Measure B, the County Board of Supervisors placed Measure B on the ballot and County voters voting on the measure approved Measure B with 81.5% support. ACTIA was formed to manage Measure B funds, as detailed in “Alameda County’s 20-Year Transportation Expenditure Plan,” adopted in July 2000 and amended in June 2003 and in June 2010 (as amended, the “Expenditure Plan”). Administration activities by ACTIA included contract oversight, policy direction, financing, investment management, and coordinating projects with regional transit and transportation agencies and other project sponsors, as required.

The sales tax authorized by Original Measure B terminated on March 31, 2002. Subsequently, ACTA continued to complete certain unfinished projects. On June 24, 2010, the ACTA Board adopted a resolution to transfer all of ACTA’s assets, responsibilities, functions and liabilities to ACTIA, effective on July 1, 2010. This resolution also provided for the termination of ACTA following the completion of the transfer process.

ACCMA was created in 1991 pursuant to a joint powers agreement between the County and all cities within the County. ACCMA was responsible for planning, programming, and coordinating Federal, State, and regional funds for transportation projects within the County, including the Sunol Smart Carpool Lane Project, which planned, designed and constructed, and then administered the operation of a value pricing high-occupancy vehicle program on the Sunol Grade segment of southbound Interstate 680 in Alameda and Santa Clara counties.

In early 2010, ACTIA, ACCMA, the County, the fourteen cities within the County, the San Francisco Bay Area Rapid Transit District and the Alameda-Contra Costa Transit District each acted to form Alameda CTC to combine the roles of ACCMA and ACTIA.

On June 24, 2010, the governing bodies of ACTIA and ACCMA gave the final approvals required to create Alameda CTC. After a transition period necessary to accomplish certain administrative matters, on February 29, 2012, ACTIA and ACCMA were both terminated, and Alameda CTC was designated as the successor to both agencies. Alameda CTC has all the functions and responsibilities previously held by ACTA, ACTIA and ACCMA, along with certain additional powers as described in the joint powers agreement establishing Alameda CTC. Alameda CTC does not own transportation facilities.

Governance

Alameda CTC is governed by a Commission consisting of 22 Commissioners, with the following representation: all five County Supervisors, two City of Oakland representatives and one representative from each of the other 13 cities in the County, one representative from the San Francisco Bay Area Rapid Transit District and one representative from the Alameda-Contra Costa Transit District. The role of the Commission is to act as a policy-making board for Alameda CTC activities.

Executive Staff

Alameda CTC’s key staff members, the position held by each and a brief statement of the background of each staff member are set forth below.

Arthur L. Dao, Executive Director. Arthur L. Dao is Alameda CTC’s first Executive Director, leading the integration of both ACTIA and ACCMA. He works with the Commission to provide for planning, funding and continued delivery of a broad range of transportation projects and programs throughout the County. Mr. Dao was the former deputy director of ACTIA from 2001 to 2010, and he brings over 25 years of transportation engineering and management experience to Alameda CTC. Mr.

Dao holds a bachelor's degree of science in civil engineering from the University of California at Davis, and he is a licensed professional engineer.

Tess Lengyel, Deputy Director of Planning and Policy. Tess Lengyel is the Deputy Director of Planning and Policy for Alameda CTC with over 23 years of transportation experience. Ms. Lengyel directs all short and long-range transportation planning for the County which provides the foundation for transportation funding decisions made by Alameda CTC. Ms. Lengyel led the development of a new \$8 billion transportation expenditure plan that will go before County voters in November 2014 and was also a key participant in the passage of Measure B. She is also responsible for policy, legislation and public affairs at Alameda CTC. Prior to joining Alameda CTC, Ms. Lengyel served as a programs and public affairs manager for ACTIA and was responsible for the development and implementation of \$60 million per year of ACTIA's programmatic expenditures. Ms. Lengyel holds a bachelor's degree in planning and policy/environmental studies, and is Chair of the International Women's Transportation Seminar Leadership Program.

Stewart Ng, Deputy Director of Programming and Projects. Stewart Ng has been the Deputy Director of Programming and Projects since August 2011. Mr. Ng has over 35 years of transportation project delivery experience on public infrastructure projects in the Bay Area. Currently, he is managing capital projects and grant programs in the County totaling over \$4 billion. Mr. Ng's previous position was Caltrans District 4's Deputy Director of Projects and Programs for the 9-Bay Area Counties managing projects and programs totaling \$10 billion. Mr. Ng has served as both the project and design manager for Caltrans on the \$600 million 1996 Measure B Highway Program of the Santa Clara Valley Transportation Authority ("VTA"), closely assisting VTA with the delivery of its 1996 Measure B half-cent transportation sales tax measure.

Patricia Reavey, Director of Finance. Patricia Reavey has been the Director of Finance for Alameda CTC since December 2010. Ms. Reavey brings over 25 years of finance related experience to Alameda CTC. She came to Alameda CTC from the San Mateo County Transit District (SamTrans), Peninsula Corridor Joint Powers Board (Caltrain) and the San Mateo County Transportation Authority (SMCTA) where she served as the Director of Finance since December 2005. She was a member of the San Mateo County Investment Pool Oversight Committee until she resigned when coming to Alameda CTC. Her public sector career began in April, 2002 working for SamTrans where she was promoted to Director of Finance by December 2005. Prior to her career in the public sector, she worked in finance for a private firm in downtown San Francisco for 14 years. The company name changed multiple times due to mergers and acquisitions, but Dresdner Kleinwort Wasserstein was ultimately the name of the agency from which she resigned as Controller and Vice President. Ms. Reavey is a licensed CPA in the State of California.

Expenditure Plan

In July 2000, ACTIA, the predecessor to Alameda CTC, adopted the Expenditure Plan for the Sales Tax. Pursuant to Ordinance No. 2000-1, Sales Tax Revenues from the Sales Tax may be used to finance the transportation projects and programs listed in the Expenditure Plan. For planning purposes, 38.3% of Sales Tax Revenues are earmarked by Alameda CTC for capital projects. The original Expenditure Plan (exclusive of the amendment adopted in 2003 to change the maximum term of at-large members of the Citizens Watchdog Committee and the amendment adopted in 2010 to align the membership of the governing body of ACTIA and the governing body of Alameda CTC) is located at: http://www.alamedactc.org/files/managed/Document/4897/2000_MeasureB_Expenditure_Plan_v14.pdf. Information set forth on such website is not incorporated herein by reference.

The priorities set forth in the Expenditure Plan include:

1. Expand mass transit programs that have a demonstrated ability to get people out of their cars, including major new expansions of the BART system in the County, Altamont Commuter Express Rail service, and express, local and feeder bus services.
2. Improve the County's aging highway infrastructure by funding major new projects to improve interchanges, open new lanes, and improve surface streets and arterial roads that feed key commute corridors.
3. Maintain and improve local streets and roads by providing critical funds to the County and every city within the County for maintenance and upkeep of local streets and roads, including, but not limited to, repaving streets, filling potholes, and upgrading local transportation infrastructure.
4. Improve bike and pedestrian infrastructure to improve access and maximize safety for cyclists and pedestrians.
5. Expand special transportation services for seniors and people with disabilities.

Other than the Series 2014 Bonds, Alameda CTC does not currently plan to issue debt to finance projects under the Expenditure Plan.

Future Expenditure Plan

The Commission is planning to seek approval from cities within the County and from the County Board of Supervisors for a new sales tax measure to be submitted to the voters of the County in November 2014. If this effort and the November 2014 ballot measure are successful, Alameda CTC would receive additional sales tax revenues to fund a new transportation expenditure plan. Any sales tax revenues generated by this effort would not serve as security for the Series 2014 Bonds and the revenues available from such tax would not be available to pay debt service on the Series 2014 Bonds. In addition, any debt issued to fund the new transportation expenditure plan would not be secured by or payable from the Sales Tax Revenues. The draft new transportation expenditure plan can be located at http://www.alamedactc.org/files/managed/Document/12452/8.1_Combo.pdf. Information set forth on such website is not incorporated herein by reference.

[Remainder of page intentionally left blank.]

Cash and Investments

Cash and the composition and book value of investments held by Alameda CTC as of December 31, 2013 (based on unaudited financial information) are set forth below. Amounts are rounded to the nearest dollar.

		Percentage of Total Book Value⁽¹⁾
Corporate Bonds	\$ 23,208,614	10.28%
Government Bonds - Zero Coupon	38,983,857	17.27
Government Agencies	17,211,218	7.63
Certificates of Deposit	4,300,000	1.90
Commercial Paper	3,998,542	1.77
Cash and Cash Equivalents	<u>138,015,022</u>	<u>61.15</u>
Total:	\$225,717,253	100.00%

Source: Alameda CTC.

⁽¹⁾ Rounded.

Debt Policy

The Commissioners adopted a Debt Policy on July 25, 2013. The Debt Policy is subject to revision by majority action of the Commissioners. Overall policy direction of the Debt Policy is provided by the Commission. Responsibility for implementation of the Debt Policy and day-to-day responsibility and authority for structuring, implementing, and managing Alameda CTC debt and finance program, resides with the Executive Director and Director of Finance of Alameda CTC. Priorities of the Debt Policy are as follows:

- Effectively manage and mitigate financial risk
- Maintain strong credit ratings and good investor relations
- Achieve the lowest cost of capital
- Preserve future program flexibility
- Maintain ready and cost-effective access to the capital markets

A copy of the full Debt Policy can be obtained from the Director of Finance of Alameda CTC at 1111 Broadway, Suite 800, Oakland, CA 94607.

RISK FACTORS

Economy of the County and the State

The amount of Sales Tax Revenues collected at any time is directly dependent upon the level of retail sales within the County. The economy of the County during the period 2008 through 2010 experienced significant stress, as evidenced by 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. Sales Tax Revenues have rebounded from the low point in Fiscal Year 2009-10, growing 11.58% in Fiscal Year 2010-11, 6.81% in Fiscal Year 2011-12 and 7.57% in Fiscal Year 2012-13. For information relating to historic and current economic conditions within the County and the State, see “SECURITY AND SOURCES OF PAYMENT – The Sales Tax” and APPENDIX B – “COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION.”

Collection of the Sales Tax

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the State Sales Tax. The State Legislature or the voters within the State, through the initiative process, or judicial decisions interpreting State law, could change or limit the transactions and items upon which the State Sales Tax and the Sales Tax are imposed. Any such change or limitation could have a material adverse impact on the Sales Tax Revenues collected. For a further description of the Sales Tax, see “THE SALES TAX.”

Increased Internet Use May Reduce Sales Tax Revenues

The increasing use of the Internet to conduct electronic commerce may affect the levels of Sales Tax Revenues. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the Sales Tax. However, Alameda CTC believes that many of these transactions may avoid taxation either through error or deliberate non-reporting and this potentially reduces the amount of Sales Tax Revenues. As a result, the more that the Internet is used to conduct electronic commerce, along with the failure to collect sales taxes on such Internet purchases, the more that Alameda CTC may experience reductions of Sales Tax Revenues.

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 Alameda CTC. The Sales Tax was approved by more than two thirds of the voters in the County and is therefore in compliance with the requirements of Proposition 218. Article XIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized local taxes, even previously voter-approved taxes like the Sales Tax. In the view of Alameda CTC, however, any attempt by the voters to use the initiative provisions of Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the Series 2014 Bond, would violate the Contracts Clause of the United States Constitution and, accordingly,

would be precluded. 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 Alameda CTC's ability to levy and collect the Sales Tax.

No Acceleration or Increase in Interest Rate Upon Default

The Indenture does not contain a provision allowing for the acceleration of the Series 2014 Bonds or an increase in the interest rate on the Series 2014 Bonds, in the event of a default in the payment of principal and interest on the Series 2014 Bonds when due. In the event of a default by Alameda CTC, the Holders of at least a majority of the aggregate amount of the Series 2014 Bonds will have the right to request the Trustee 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 2014 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2014 Bonds, as a result of acts or omissions of Alameda CTC subsequent to the issuance of the Series 2014 Bonds. Should interest become includable in federal gross income, the Series 2014 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity.

Bankruptcy Considerations

Alameda CTC may be authorized to file for Chapter 9 municipal bankruptcy under certain circumstances. Should Alameda CTC file for bankruptcy, there could be adverse effects on the holders of the Series 2014 Bonds.

If the Sales Tax Revenues are "special revenues" under the Bankruptcy Code, then Sales Tax Revenues collected after the date of the bankruptcy filing should be subject to the lien of the Indenture. "Special revenues" are defined to include taxes specifically levied to finance one or more projects or systems, excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the governmental entity. The Sales Tax was levied to finance the Expenditure Plan, which includes a number of projects (collectively referred to herein as the "Expenditure Plan Projects"), and some of these Expenditure Plan Projects are described in broad terms. In addition, the Expenditure Plan Projects are not owned by Alameda CTC. No assurance can be given that a court would not hold that the Sales Tax Revenues are not special revenues. Were the Sales Tax Revenues determined not to be "special revenues," then Sales Tax Revenues collected after the commencement of a bankruptcy case would likely not be subject to the lien of the Indenture. The holders of the Series 2014 Bonds may not be able to assert a claim against any property of Alameda CTC other than the Sales Tax Revenues, and were these amounts no longer subject to the lien of the Indenture following commencement of a bankruptcy case, then there could thereafter be no amounts from which the holders of the Series 2014 Bonds are entitled to be paid.

The Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system from which the special revenues are derived, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. The law is

not clear as to whether, or to what extent, Sales Tax Revenues would be considered to be “derived” from the Expenditure Plan Projects. To the extent that Sales Tax Revenues are determined to be both special revenues and derived from the Expenditure Plan Projects, Alameda CTC may be able to use Sales Tax Revenues to pay necessary operating expenses connected with the Expenditure Plan Projects, before the remaining Sales Tax Revenues are turned over to the Trustee to pay amounts owed to the holders of the Series 2014 Bonds. It is not clear precisely which expenses would constitute necessary operating expenses.

If Alameda CTC is in bankruptcy, the parties (including the holders of the Series 2014 Bonds) may be prohibited from taking any action to collect any amount from Alameda CTC or to enforce any obligation of Alameda CTC, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2014 Bonds from funds in the Trustee’s possession. The procedure pursuant to which Sales Tax Revenues are paid directly by the BOE to the Trustee may no longer be enforceable, and Alameda CTC may be able to require the BOE to pay Sales Tax Revenues directly to Alameda CTC.

Alameda CTC as a debtor in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including Sales Tax Revenues), which lien could have priority over the lien of the Indenture, or to cause some Sales Tax Revenues to be released to it, free and clear of lien of the Indenture, in each case provided that the bankruptcy court determines that the rights of the Trustee and the holders of the Series 2014 Bonds will be adequately protected. Alameda CTC may also be able, without the consent and over the objection of the Trustee and the holders of the Series 2014 Bonds, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Series 2014 Bonds, provided that the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2014 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of Alameda CTC that could result in delays or reductions in payments on the Series 2014 Bonds, or result in losses to the holders of the Series 2014 Bonds. Regardless of any specific adverse determinations in an Alameda CTC bankruptcy proceeding, the fact of an Alameda CTC bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2014 Bonds.

FINANCIAL STATEMENTS

The financial statements of Alameda CTC for the Fiscal Year ended June 30 2013, included in APPENDIX A of this Official Statement have been audited by Vavrinek, Trine, Day & Co., LLP (the “Auditor”), independent auditors, as stated in their report therein. The Auditor 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 the Auditor with respect to any event subsequent to the date of its report. The Auditor has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement. For more recent financial information with respect to the collection of Sales Tax Revenues, see “SALES TAXES – Historical Sales Tax Revenues.”

LITIGATION

There is no pending or, to the knowledge of Alameda CTC, threatened litigation seeking to restrain or enjoin the issuance or delivery of the Series 2014 Bonds or questioning or affecting the validity of the Series 2014 Bonds or the proceedings or authority under which they are to be issued or the levy, collection and pledge of Sales Tax Revenues. Neither the creation, organization or existence of Alameda CTC, nor the title of the present Commissioners or officers of Alameda CTC to their respective offices, is being contested.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to Alameda CTC (“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 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F hereto.

To the extent the issue price of any maturity of the Series 2014 Bonds is less than the amount to be paid at maturity of such Series 2014 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2014 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2014 Bonds is the first price at which a substantial amount of such maturity of the Series 2014 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2014 Bonds accrues daily over the term to maturity of such Series 2014 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2014 Bonds to determine taxable gain or loss upon disposition (including sale, prepayment, or payment on maturity) of such Series 2014 Bonds. Beneficial owners of the Series 2014 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014 Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2014 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014 Bonds is sold to the public.

Series 2014 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 2014 Bonds. Alameda CTC has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2014 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 2014 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014 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 2014 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014 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 2014 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2014 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2014 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Series 2014 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014 Bonds. Prospective purchasers of the Series 2014 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2014 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 Alameda CTC, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Alameda CTC has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2014 Bonds ends with the issuance of the Series 2014 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend Alameda CTC or the beneficial owners regarding the tax-exempt status of the Series 2014 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than Alameda CTC and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which Alameda CTC legitimately disagrees may not be practicable. Any action of the IRS, including but

not limited to selection of the Series 2014 Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Series 2014 Bonds and may cause Alameda CTC or the beneficial owners to incur significant expense.

LEGAL MATTERS

The validity of the Series 2014 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to Alameda CTC. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix F hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for Alameda CTC by Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, as Disclosure Counsel, and by Wendel, Rosen, Black & Dean LLP, General Counsel to Alameda CTC, and for the Underwriters by Nixon Peabody LLP, as Underwriters' Counsel.

RATINGS

Standard and Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P"), has assigned a rating of "AAA" to the Series 2014 Bonds and Fitch Ratings, Inc. ("Fitch") has assigned a rating of "AAA" to the Series 2014 Bonds. These ratings reflect only the views of S&P and Fitch, respectively, and do not constitute a recommendation to buy, sell or hold the Series 2014 Bonds. An explanation of these ratings and any outlook associated with these ratings should be obtained from the respective rating agency.

Alameda CTC has furnished to S&P and Fitch certain information respecting the Series 2014 Bonds and Alameda CTC including information not included herein. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The ratings are subject to revision or withdrawal at any time by S&P and Fitch, and there is no assurance that the ratings will continue for any period of time or that it will not be lowered, suspended or withdrawn. Alameda CTC undertakes no responsibility to oppose any such revision, suspension or withdrawal. Any reduction, suspension or withdrawal of the ratings, or other actions by a rating agency relating to its rating, may have an adverse effect on the market price for, or marketability of, the Series 2014 Bonds.

UNDERWRITING

The underwriters of the Series 2014 Bonds listed on the cover hereof have agreed, subject to certain conditions, to purchase the Series 2014 Bonds at a price of \$157,255,813.46 (representing \$137,145,000.00 aggregate principal amount of Series 2014 Bonds, plus a premium of \$20,335,855.85, less an Underwriters' discount of \$225,042.39). The Bond Purchase Agreement provides that the Underwriters will purchase all the Series 2014 Bonds if any are purchased.

Citigroup Global Markets Inc., an underwriter of the Series 2014 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2014 Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for Alameda CTC for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of Alameda CTC.

FINANCIAL ADVISOR

Alameda CTC has retained Public Financial Management Inc., San Francisco, California, as Financial Advisor in connection with the issuance of the Series 2014 Bonds. Unless specifically noted, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. Compensation paid to the Financial Advisor is contingent upon the successful issuance of the Series 2014 Bonds.

CONTINUING DISCLOSURE

Alameda CTC has covenanted for the benefit of the owners and beneficial owners of the Series 2014 Bonds to provide certain financial information and operating data relating to Alameda CTC by not later than 195 days following the end of Alameda CTC's Fiscal Year (presently June 30) (the "Annual Report"), commencing with the report for the Fiscal Year ended June 30, 2014, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the Dissemination Agent on behalf of Alameda CTC with the MSRB. The filing of the Annual Report and notices of enumerated events will be made in accordance with the EMMA system of the MSRB or in another manner approved under the Rule. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT." Alameda CTC has not previously delivered an undertaking pursuant to the Rule.

MISCELLANEOUS

The references herein to the Act and the Indenture are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents or the Act, as the case may be. Copies of the documents mentioned under this heading are available for inspection at Alameda CTC and following delivery of the Series 2014 Bonds will be on file at the offices of the Trustee in San Francisco, California. References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between Alameda CTC and the purchasers or Holders of any of the Series 2014 Bonds.

The execution and delivery of this Official Statement has been duly authorized by Alameda CTC.

ALAMEDA COUNTY TRANSPORTATION
COMMISSION

By: /s/ Arthur L. Dao
Executive Director

APPENDIX A

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

ALAMEDA COUNTY TRANSPORTATION COMMISSION OAKLAND, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013



**ALAMEDA COUNTY
TRANSPORTATION COMMISSION
OAKLAND, CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013
PREPARED BY THE FINANCE DEPARTMENT**



ALAMEDA COUNTY TRANSPORTATION COMMISSION

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION

Letter of Transmittal	i
Commissioners	v
Executive Management	vi
Organization Chart	vii
Map	viii
Table of Credits	ix

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Governmental Funds - Balance Sheet	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
Governmental Funds - Statement of Revenues, Expenditures, and Change in Fund Balances	23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	25
Fiduciary Fund Financial Statements	
Statement of Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Financial Statements	28
Required Supplementary Information	
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual - General Fund	46
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual - Special Revenue Fund	47
Supplementary Information	
Schedule of Expenditures of Federal Awards	49
Combining Schedules– General Fund	
Schedule of Balance Sheets	50
Schedule of Revenues, Expenditures and Change in Fund Balances	51
Combining Statements – Nonmajor Governmental Funds	
Balance Sheet	52
Statement of Revenues, Expenditures and Change in Fund Balances	53
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual	
ACTIA Capital Projects Fund	54
ACTA Capital Projects Fund	55
ACCMA Capital Projects Fund	56
Exchange Fund	57
Transportation for Clean Air Fund	58
Vehicle Registration Fee Fund	59
Combining Schedules – ACTIA Special Revenue Fund	
Schedule of the Balance Sheet of the Special Revenue Fund by Program	60
Schedule of Revenues, Expenditures and Change in Fund Balances of the Special Revenue Fund by Program	61
Note to Supplementary Information	62

ALAMEDA COUNTY TRANSPORTATION COMMISSION

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2013

STATISTICAL SECTION

Financial Trends	
Net Position by Component	65
Changes in Net Position	66
Fund Balances, Governmental Funds	67
Changes in Fund Balances	68
Revenue Capacity	
Sales Tax	69
Principal Sales Tax Payers	70
Vehicle Registration Fee	71
Demographics and Economic Information	
Statistics	72
Top Ten Principal Employers	73
Operating Information	
Employees	74
Program Revenues	75
Capital Assets	76

FEDERAL COMPLIANCE INFORMATION SECTION

Independent Auditor's Report	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	80
Schedule of Findings and Questioned Costs	
Summary of Auditor's Results	83
Financial Statement Findings	84
Federal Awards Findings and Questioned Costs	85
Summary Schedule of Prior Audit Findings	86

INTRODUCTORY SECTION



December 5, 2013

**To the Alameda County Transportation Commission Board
and the Citizens of Alameda County, CA**

We are pleased to present this Comprehensive Annual Financial Report (CAFR) of the Alameda County Transportation Commission (Alameda CTC) for the fiscal year ended June 30, 2013. Per the Alameda CTC Joint Powers Agreement, the California Government Code section 6505 and the Public Utilities Code section 180105(c), the Alameda CTC is required to contract for an annual audit of its accounts and records in accordance with Generally Accepted Auditing Standards (GAAS). The financial statements included in this CAFR have been audited by Vavrinek, Trine, Day and Co., LLP, Certified Public Accountants. Therefore this CAFR is published to fulfill this requirement for the fiscal year ended June 30, 2013.

Management of the Alameda CTC is responsible for the accuracy, completeness and reliability of the information contained in this report. A comprehensive system of internal controls has been implemented which is designed to protect the Alameda CTC's assets from loss, theft or misuse, to identify and record transactions accurately and to compile the necessary information to report financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed anticipated benefits, the objective of the Alameda CTC's internal control system is to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

Alameda CTC is also required to undergo an annual federal compliance audit in conformity with the provision of the Single Audit Act of 1984 and the 1996 amendments to the act, and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The results of this audit can be found in the federal compliance information section.

Authoritative accounting and financial reporting standards require that the financial statements of a local government be preceded by Management's Discussion and Analysis (MD&A) intended to furnish an objective and easily readable analysis of the financial activities. The MD&A section of this CAFR can be found immediately following the Independent Auditor's Report. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE ORGANIZATION

Alameda County encompasses 813 square miles and is located east of the San Francisco Bay, extends to Livermore in the East and from Albany in the North to Fremont in the South. The population in Alameda County is over 1.5 million which makes it the second most populated county in the Bay Area and the seventh most populated county in California. Alameda County is one of 19 Self-Help Counties in California that deliver voter approved transportation sales tax measures to fund transit, highway, freight, bicycle, pedestrian and other mobility programs.

In June 2010, the governing boards of both the Alameda County Transportation Improvement Authority (ACTIA) and the Alameda County Congestion Management Agency (ACCMA) created a joint powers agency known as the Alameda County Transportation Commission pursuant to the California Joint Exercise of Powers Act in which ACTIA and ACCMA delegated all of their assets, liabilities, powers, functions and responsibilities to the Alameda CTC effective July 1, 2010. This action followed a March 2010 action in which ACTIA, ACCMA, the County of Alameda, the 14 cities within Alameda County, the Bay Area Rapid Transit District and the Alameda-Contra Costa Transit District entered into a Joint Powers Agreement with the purpose of creating a joint powers agency to take over the responsibilities of both ACTIA and ACCMA. The Alameda CTC held its first joint meeting on July 22, 2010 and approved its first consolidated budget for fiscal year ended June 30, 2012 at its June 2011 meeting. For various reasons, including issues related to contracting with CalPERS and other required administrative tasks, the former agencies continued to exist through February 29, 2012 when they were legally dissolved and the Alameda CTC became the successor agency.

The Alameda CTC is governed by a twenty-two member Commission made up of five members of the Alameda County Board of Supervisors, two members representing the City of Oakland, 13 members each representing one of the other 13 cities in Alameda County, one member representing the Bay Area Rapid Transit District and one member representing Alameda-Contra Costa Transit District.

The mission of the Alameda CTC is to plan, fund and deliver a broad spectrum of transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County. This is accomplished through the administration of the transportation sales tax in Alameda County which was authorized in 2000 when the voters approved Measure B by 81.5 percent of the vote and by serving as the Alameda County's congestion management agency. The Alameda CTC delivers over \$100 million in transportation improvements each year which create jobs, enhance mobility and enrich communities.

The Alameda CTC is a legally separate and financially independent entity that is not a component unit of Alameda County or any other organization. While the Alameda CTC is the managing agency for the Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA) which operates the Sunol Smart Carpool Lane, the SSCLJPA has its own separate legal identity and governance and is not a component unit of the Alameda CTC.

California Government Code requires the Alameda CTC to adopt an annual budget. Before the beginning of each fiscal year, staff proposes an annual budget based on agency goals and objectives to the Commission for adoption. The Commission monitors budget versus actual performance through quarterly staff reports. The legal level of budgetary control is at the entity level. The Commission has the authority to adjust the budget throughout the fiscal year, and the Executive Director has the authority to transfer authorized budget amounts between expenditure line items within governmental funds. The Required Supplementary Information section of this report includes a schedule that compares actual results to the final adopted budgets.

ECONOMIC CONDITION

LOCAL ECONOMY

Unemployment in Alameda County has decreased to 7.4 percent by June 2013 from 9.4 percent in June 2012 and 10.7 percent in June 2011. This is better than the state unemployment rate which has decreased to 8.5 percent by June 2013 from 10.6 percent in June 2012 and 11.9 percent in June 2011. The decrease in the unemployment rate is also better than the national unemployment rate, which has decreased to only 7.6 percent by June 2013 from 8.2 percent in June 2012 and 9.1 percent in June 2011. While the economic recovery continues to move very slowly, this is still an improvement for Alameda County. The county unemployment rate generally falls between the national and state rates; however, as of June 2013 it is lower than both rates, indicating that employment has begun to recover at a slightly greater pace in Alameda County as compared to the broader economy.

Alameda County supports employment in a wide array of industries including law enforcement, shipping/goods movement, medical/health, research, technology, pharmaceuticals, education, manufacturing, farming, finance, sanitation, fuel, retail, automobile sales, transportation, government, and other professional services. This diverse employment base helps to ensure stability for Alameda County as it is not reliant on any one employment sector for its prosperity. The Alameda CTC also has realized an increase in Measure B sales tax collections in fiscal year 2012-13 to a level above the historical peak of \$116.3 million in fiscal year 2007-08 to \$121.1 million. This is a 7.6 percent increase over the prior fiscal year; however, it is below original projections when the voters approved Measure B.

LONG-TERM FINANCIAL PLANNING

The Alameda CTC has delivered nearly all of the transportation sales tax projects approved by the voters in the 2000 Transportation Expenditure Plan (TEP) in half the anticipated time. Faster delivery allowed for lower construction costs, but the result is that the Measure B sales tax will incur costs before all of the sales tax funds have been collected. To date, Measure B has operated on a pay-as-you-go basis; however current cash flow projections reflect that a pay-as-you-go approach will not suffice within the coming fiscal year. The Commission has authorized staff to begin the process of issuing debt to bridge the short-term funding gap that exists over the next few years while many large projects in the TEP are closed out and finalized. Staff anticipates going to market for bond financing in early 2014. Cash flow projections also indicate that the Alameda CTC will continue to be solvent throughout the life of Measure B, which expires in 2022, as there will be sufficient funds to pay the debt service on the bonds.

RELEVANT FINANCIAL POLICIES

The Board of Directors of the former agencies adopted a comprehensive set of financial policies. The Alameda CTC is working within the guidelines of these policies until new policies are adopted for the new consolidated agency. In April 2013, the Commission adopted a consolidated investment policy for the Alameda CTC which defines the parameters within which funds are to be managed. This policy will be reviewed and adopted by the Commission annually. In July 2013, the Commission adopted a debt policy which establishes guidelines for the issuance and management of Alameda CTC debt and confirms the commitment of the Commission, management, and staff to adhere to sound financial management practices.

MAJOR INITIATIVES

The Alameda CTC went before the voters of Alameda County in November 2012 with a new \$7.8 billion transportation measure which would extend and augment the current Measure B half-cent sales tax. The measure required 66.67 percent voter approval to pass, but only received 66.53 percent of the votes, so it did not pass. The Alameda CTC has made it a legislative priority to support efforts to lower the 2/3 voter threshold for voter approved transportation measures since the majority of Alameda County voters supported the measure, but did not realize the benefits of their vote. The Commission is considering returning to the voters in the coming years to again put a new transportation measure before the voters of Alameda County to help increase mobility, create jobs, reduce congestion, protect the environment, restore and expand transit services, fix potholes, reduce highway congestion, expand bicycle and pedestrian access and connect transit with housing and jobs. If the voters approve a new measure in the coming years, this would significantly increase the funding available for transportation projects and programs throughout Alameda County.

AWARDS AND ACKNOWLEDGEMENTS

This is the first year the Alameda CTC has produced a Comprehensive Annual Financial Report (CAFR) which includes additional, complementary information, in addition to the basic financial statements, to better help the reader understand the financial condition of the Alameda CTC. We believe our current CAFR meets the requirements of the Government Finance Officers Association's (GFOA) Certificate of Achievement Program, and we are submitting it to the GFOA to determine its eligibility for the award. To be awarded the certificate, a CAFR must be easy to read and efficiently organized while satisfying both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

We would like to extend our appreciation to the entire Finance Department staff who made the production of this CAFR possible through their support and dedicated service. We would also like to express our thanks to all of the members of the departments who assisted in and contributed to the preparation of this report. Credit and thanks also go to the Commission for their support in maintaining the highest standards of professionalism in the management of the Alameda CTC.

Respectfully submitted,



Scott Haggerty
Chair, Alameda County
Transportation Commission



Arthur L. Dao
Executive Director



Patricia Reavey
Director of Finance

COMMISSIONERS

As of June 30, 2013

Member	Jurisdiction	Alternate
Supervisor Scott Haggerty, Chair	Alameda County District 1 Supervisor	Bill Harrison
Councilmember Rebecca Kaplan, Vice Chair	City of Oakland Councilmember At-Large	Dan Kalb
Director Elsa Ortiz	AC Transit	Greg Harper
Supervisor Richard Valle	Alameda County, District 2	Barbara Halliday
Supervisor Wilma Chan	Alameda County, District 3	Pauline Cutter-Russo
Supervisor Nate Miley	Alameda County, District 4	No Alternate
Supervisor Keith Carson	Alameda County, District 5	Kriss Worthington
Director Tom Blalock	Bay Area Rapid Transit	John McPartland
Vice Mayor Marilyn Ezzy Ashcraft	City of Alameda	Stewart Chen
Mayor Peggy Thomsen	City of Albany	Michael Barnes
Councilmember Laurie Capitelli	City of Berkeley	Kriss Worthington
Mayor Tim Sbranti	City of Dublin	Don Biddle
Councilmember Ruth Atkin	City of Emeryville	Kurt Brinkham
Councilmember Suzanne Chan	City of Fremont	Bill Harrison
Councilmember Marvin Peixoto	City of Hayward	Mark Salinas
Mayor John Marchand	City of Livermore	Stewart Gary
Councilmember Luis Freitas	City of Newark	Maria Collazo
Vice Mayor Larry Reid	City of Oakland	Dan Kalb
Mayor John Chiang	City of Piedmont	Garrett Keating
Mayor Jerry Thorne	City of Pleasanton	Cheryl Cook-Kallio
Vice Mayor Michael Gregory	City of San Leandro	Stephen Cassidy
Mayor Carol Dutra-Vernaci	City of Union City	Emily Duncan

EXECUTIVE MANAGEMENT

Executive Director

Arthur L. Dao	Executive Director	adao@alamedactc.org	(510) 208-7402
---------------	--------------------	---------------------	----------------

Executive Team

Tess Lengyel	Deputy Director of Policy, Public Affairs and Legislation	tlengyel@alamedactc.org	(510) 208-7428
--------------	--	-------------------------	----------------

Stewart Ng	Deputy Director of Programming and Projects	stewartng@alamedactc.org	(510) 208-7437
------------	--	--------------------------	----------------

Patricia Reavey	Director of Finance	preavey@alamedactc.org	(510) 208-7422
-----------------	---------------------	------------------------	----------------

Beth Walukas	Deputy Director of Planning	bwalukas@alamedactc.org	(510) 208-7405
--------------	-----------------------------	-------------------------	----------------

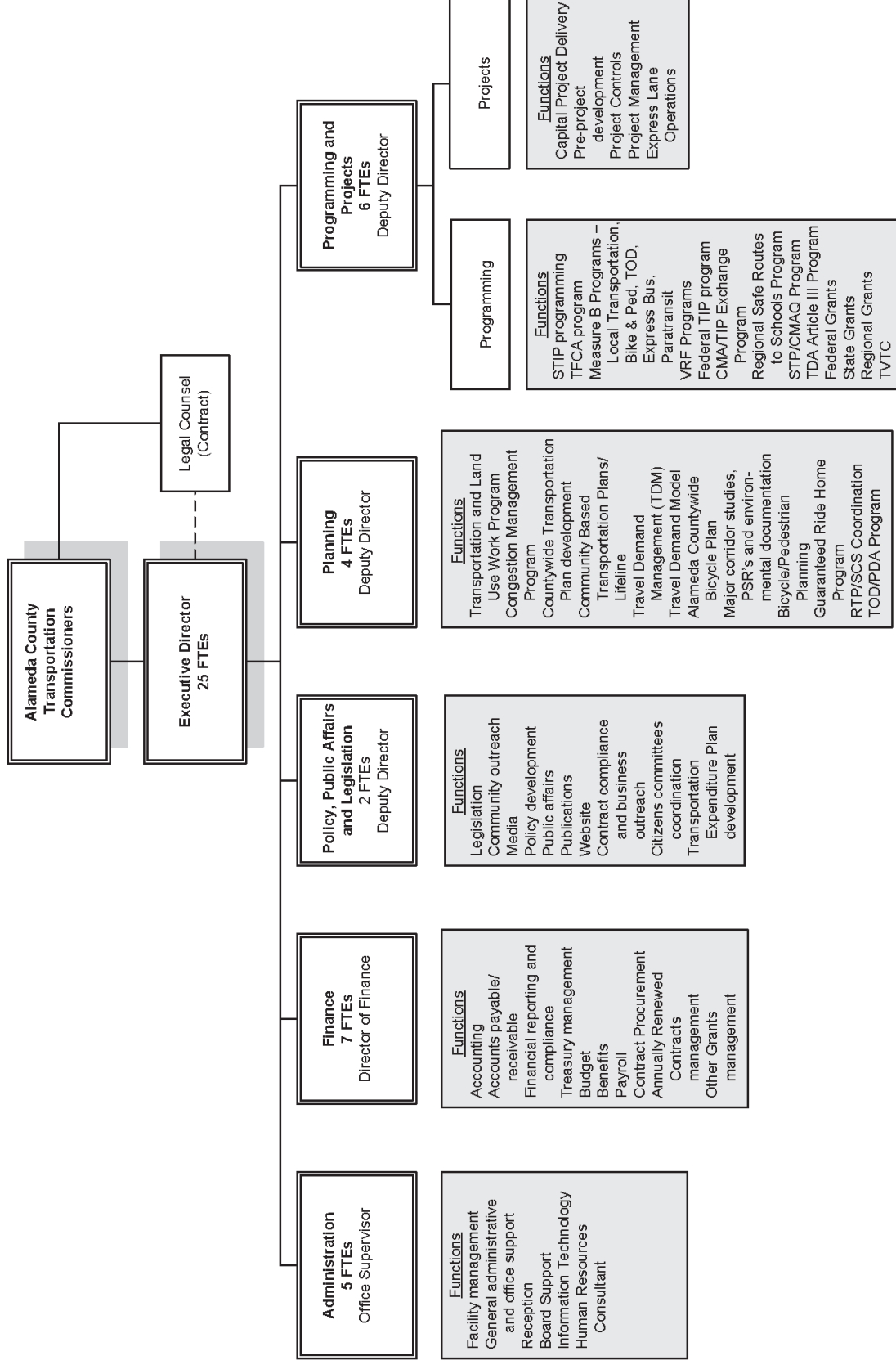
General Counsel

Wendel, Rosen, Black, & Dean LLP

Zachary R. Wasserman, Esq.

Neal Parish, Esq.

Alameda County Transportation Commission Functional Organizational Chart



Alameda County, California



TABLE OF CREDITS

The following people contributed to the production of the Comprehensive Annual Financial Report:

Finance:

Director of Finance	Patricia Reavey, CPA
Accounting Manager	Lily Balinton
Senior Accountant	Yoana Navarro, CPA

Audit Firm - Vavrinek, Trine, Day & Co., LLP:

Partner	Ahmad Gharaibeh, CPA
Manager	Nathan Edelman, CPA

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Alameda County Transportation Commission
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda County Transportation Commission (Alameda CTC) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Alameda CTC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda CTC, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda CTC's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Combining Schedules – General Fund, Combining Nonmajor Fund Financial Statements, Other Funds Budgetary Comparison Schedules and ACTIA Special Revenue Fund Combining Schedules, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of the Alameda CTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alameda CTC's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
December 5, 2013

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

The following discussion and analysis of the Alameda County Transportation Commission (Alameda CTC) financial report addresses the financial position, activities and performance of the agency for the fiscal year ended June 30, 2013. Management encourages readers to consider information presented in this section in conjunction with the financial statements and related notes contained in the financial section.

This report for the fiscal year ended June 30, 2013 is the first financial report for the Alameda CTC prepared in the form of a Comprehensive Annual Financial Report (CAFR) which includes all of the additional information required of a CAFR. The financial report prepared for the fiscal year ended June 30, 2012 for the Alameda CTC was the first financial report since the Alameda CTC was established. In June 2010, the Boards of the Alameda County Transportation Improvement Authority (ACTIA) and the Alameda County Congestion Management Agency (ACCMA) created a joint powers agency known as the Alameda County Transportation Commission pursuant to the California Joint Exercise of Powers Act in which ACTIA and ACCMA delegated all of their assets, liabilities, powers, functions and responsibilities to the Alameda CTC effective July 1, 2010. The Alameda CTC held its first joint meeting on July 22, 2010 and approved its first consolidated budget for fiscal year ended June 30, 2012 at its June 2011 meeting. For various reasons, including issues related to contracting with CalPERS and other required administrative tasks, the former agencies continued to exist through February 29, 2012 when they were legally dissolved and the Alameda CTC became the successor agency.

The Alameda CTC strives to plan, fund and deliver transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County.

Financial Highlights

- Total net position was \$219.2 million at June 30, 2013, a decrease of \$21.9 million or 9.1 percent from the prior fiscal year end primarily related to sales tax related capital project expenditures.
- Total assets decreased by \$41.9 million or 12.6 percent from \$331.7 million to \$289.8 million as of June 30, 2013 compared to June 30, 2012 also related to sales tax related capital project expenditures. Cash and investments comprised \$237.5 million or 81.9 percent of the total assets as of June 30, 2013.
- Revenues totaled \$159.0 million for the fiscal year ended June 30, 2013. This was a decrease of \$11.4 million or 6.7 percent from the fiscal year ended June 30, 2012 mostly related to more significant internal funding for ACCMA capital projects in fiscal year ended June 30, 2013 which was eliminated on a consolidated basis. Sales tax revenues comprised \$121.1 million or 76.1 percent of the total revenues for the fiscal year.
- Total liabilities decreased by \$20.0 million or 22.1 percent from \$90.5 million to \$70.5 million as of June 30, 2013 compared to June 30, 2012. This decrease is primarily due to a project management effort requiring more timely submission and, therefore more timely payment, of invoices from project sponsors.
- Expenses totaled \$181.0 million for the fiscal year ended June 30, 2013. This was a decrease of \$11.5 million from the fiscal year ended June 30, 2012 mostly related to Measure B capital project expenditures.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Overview of the Financial Statements

As required by the Governmental Accounting Standards Board, the financial report presents the following statements:

- A Statement of Net Position (presenting government-wide assets and liabilities).
- A Statement of Activities (presenting government-wide revenues and expenses).
- A Balance Sheet (presenting assets and liabilities for the governmental funds including the General Fund, ACTIA Special Revenue Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund, ACCMA Capital Projects Fund, and the Nonmajor Governmental Funds).
- A Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds (presenting revenues and expenditures by fund).
- Notes to the financial statements (providing additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements).
- A Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the General Fund (presenting budget versus actual revenues and expenditures).
- A Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the ACTIA Special Revenue Fund (presenting budget versus actual revenues and expenditures).

The Statement of Net Position and the Statement of Activities, together, make up the *government-wide financial statements*. The Balance Sheet and the Statement of Revenues, Expenditures and Change in Fund Balances constitute the *fund financial statements*.

The *government-wide financial statements* report information using the economic resources measurement focus and the accrual basis of accounting. The *Statement of Net Position* includes total assets and total liabilities with the difference between them reported as net position. Total revenues, total expenditures, and changes in net position are accounted for in the *Statement of Activities*, regardless of the timing of related cash flows.

The *fund financial statements* provide additional information detailed by fund. A fund is a set of accounts used to control resources segregated for specific activities or purposes. The Alameda CTC has established funds to ensure resources are utilized for the purposes intended. Funds classified as major are required to be reported individually on the financial statements and funds classified as nonmajor can be grouped and reported in a single column.

The Alameda CTC has five major funds: the General Fund, ACTIA Special Revenue Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund and ACCMA Capital Projects Fund.

General Fund – The General Fund is the chief operating fund. The General Fund receives 4.5 percent of all sales tax revenues to fund the administration of Measure B sales tax funds. Pursuant to the Transportation Expenditure Plan (TEP), administrative costs are limited to 4.5 percent of revenues collected by the Measure B sales tax. Pursuant to both the TEP and the Public Utilities Code (PUC), administrative salaries and benefits are limited to 1 percent of revenues collected by the Measure B sales tax. This fund is also used for administering and preparing the Congestion Management Plan and for programming federal, state, and local funds to implement the Congestion Management Plan.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

ACTIA Special Revenue Fund – The ACTIA Special Revenue Fund is made up of five subfunds designed to account for sales tax revenues and expenditures related to the implementation of all programs authorized in the 2000 Measure B TEP. These subfunds include the Express Bus, Paratransit (Service Gap), Regional Bicycle and Pedestrian, Transit-Oriented Development and the Programs Distribution Subfunds.

- Express Bus Subfund – The Alameda CTC uses the Express Bus Subfund to provide funding to transit operators in Alameda County for maintenance of transit services, restoration of service cuts, expansion of transit services, and passenger safety and security.
- Paratransit (Service Gap) Subfund - The Alameda CTC uses the Paratransit (Service Gap) Subfund to provide funding in Alameda County for special transportation for seniors and people with disabilities.
- Regional Bicycle and Pedestrian Subfund – The Alameda CTC uses the Regional Bicycle and Pedestrian Subfund to provide funding to the cities and County of Alameda to be spent on planning and construction of bicycle and pedestrian projects.
- Transit-Oriented Development Subfund – The Alameda CTC uses the Transit-Oriented Development Subfund to provide funding to the cities and County of Alameda to encourage development near transit centers.
- Programs Distribution Subfund – The Alameda CTC uses the Programs Distribution Subfund to account for local streets and roads, bicycle and pedestrian, paratransit, and other sales tax revenues that are immediately passed through to the cities and County of Alameda to fund transportation needs based on local priorities.

ACTIA Capital Projects Fund – The ACTIA Capital Projects Fund is used to account for sales tax and other revenues and expenditures related to the implementation of capital projects designated to be funded in the 2000 Measure B TEP approved by the voters in November 2000.

ACTA Capital Projects Fund – The ACTA Capital Projects Fund is used to account for sales tax and other revenues and expenditures related to the implementation of capital projects designated to be funded in the 1986 Measure B TEP approved by the voters in November 1986.

ACCMA Capital Projects Fund – The ACCMA Capital Projects Fund is used to account for capital projects designed to implement the Congestion Management Plan for Alameda County. The amount of capital project revenues and expenditures for the fiscal year ended June 30, 2013 were \$30.1 million and \$29.6 million, respectively, with the difference transferred to the General Fund to help cover costs incurred to administer the congestion management program.

The Alameda CTC has three nonmajor funds: the Exchange Fund, the Transportation for Clean Air Fund, and the Vehicle Registration Fee Fund.

Exchange Fund – The Exchange Fund is used to account for all activity related to the Exchange Program. Under the Exchange Program, the Alameda CTC entered into agreements with several local agencies to exchange state or federal funds with local funding from other governments for various transportation projects. This program was developed to expedite projects by giving project sponsors the flexibility of using local funds rather than more restrictive state or federal funds. The Alameda CTC programs federal or state funds to “exchange” projects, which are able to use these funds, and in return receives local funds into the Exchange Fund from the “exchange” projects sponsors. These local funds are more flexible and can be used for projects that either do not have the ability to make use of state or federal funds, projects that would face unacceptable delays if state or federal funds were used or other transportation related commitments.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

The Alameda CTC has entered into the following exchange agreements as of June 30, 2013 since inception in 2000:

Alameda County Transportation Improvement Authority	\$ 2,300,000
Alameda-Contra Costa Transit District	35,060,514
Bay Area Rapid Transit	8,100,000
City of Berkeley	259,560
City of Dublin	4,230,000
City of Fremont	5,983,256
City of Livermore	4,580,000
City of Union City	9,314,000
Metropolitan Transportation Commission	675,000
San Joaquin Regional Rail Commission	432,445
Santa Clara Valley Transportation Authority	558,000
Total Exchanged Funds	<u>\$ 71,492,775</u>

These exchanges were recognized as deferred revenue in the government-wide financial statements at the time the Alameda CTC entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. \$71.3 million of these exchanged funds have been collected and \$62.1 million has been expended as of June 30, 2013.

ACCMA Special Revenue Funds – The Alameda CTC has two ACCMA Special Revenue Funds related to fees imposed on vehicle registrations in Alameda County for which the Alameda CTC is required to administer funds, the *Vehicle Registration Fee (VRF) Fund* and the *Transportation for Clean Air (TFCA) Fund*. These two special revenue funds have been established to administer and account for these funding sources separately from other funding sources of the Alameda CTC to ensure that they are spent on the specific purpose intended.

The VRF funds are required to be used to implement transportation related programs and projects. Sixty (60) percent of net VRF collections are designated for local road improvements and repairs and will be allocated to the cities and County of Alameda automatically on a pass through basis by planning area based on a formula which was approved by the voters of Alameda County in Measure F on the November 2010 ballot. The remaining forty (40) percent designated for transit for congestion relief, local transportation technology, pedestrian, bicyclist access, and safety programs will be distributed on a discretionary basis by planning area. Master Program Funding Agreements have been executed with the cities and County of Alameda to govern the flow of VRF funds. Pass through funding for local road improvements and repairs began flowing to the cities and County of Alameda in June 2012.

TFCA funds are required to be used to implement projects aimed at reducing air pollution through the reduction of motor vehicle emissions. Sixty percent of TFCA funds are administered by the Bay Area Air Quality Management District (BAAQMD). Forty percent of net TFCA funds, administered by Alameda CTC, are designated for projects and programs that result in vehicle emission reductions and meet the BAAQMD's requirements for project cost-effectiveness on a discretionary basis. During the fiscal year ended June 30, 2013, the Alameda CTC provided funding to various sponsors including, but not limited to, Hayward for a Traffic Signal Controller Upgrade and Synchronization project, Livermore Amador Valley Transit Authority for the Bus Rapid Transit Route 10 and Routes 53 and 54 shuttles to the Altamont Commuter Express, California State University East Bay for campus shuttle operations and a Transportation Demand Management Program, Alameda-Contra Costa Transit District for an Easy Pass Program, and the City of Fremont for the North Fremont Arterial Management project.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

These funds were also utilized to fund internal projects and programs including the Webster Street SMART Corridors project and the Guaranteed Ride Home Program.

The Alameda CTC also has one Fiduciary Fund.

Fiduciary Fund – The Fiduciary Fund is used to account for a trust set up to accumulate funds for post-employment benefits other than pensions for retirees. Fiduciary fund activity is reported in separate financial statements because a fiduciary fund is not considered an available resource of the Alameda CTC.

This fiduciary fund was established prior to the consolidation of the agencies to accumulate funds for ACTIA post-employment benefits. The ACCMA had set up a separate California Employers' Retiree Benefit Trust (CERBT) with CalPERS to accumulate funds for the same purpose. During fiscal year 2013 both fiduciary funds were dissolved with the proceeds being transferred to a new consolidated Alameda CTC CERBT trust administered by CalPERS for the purpose of accumulating funds for Alameda CTC post-employment benefits other than pensions.

The *notes to the financial statements* provide additional information that is vital to the understanding of the financial statements. These notes can be found directly following the financial statements in this financial report.

Government-wide Financial Analysis

Net Position

As of June 30, 2013, total assets were \$289.8 million, a decrease of \$41.9 million or 12.6 percent from June 30, 2012 with cash and investments accounting for \$237.5 million or 81.9 percent of this amount.

Total liabilities were \$70.5 million as of June 30, 2013, a decrease of \$20.0 million or 22.1 percent from June 30, 2012. The significant disparity of cash over liabilities demonstrates that the Alameda CTC is well able to meet its obligations as they become due. As of June 30, 2013, the Alameda CTC had commitments for \$31.7 million towards engineering contracts, \$12.8 million towards construction contracts and \$277.7 million towards project sponsor contracts with terms ranging up to ten (10) years.

Net position was \$219.2 million at June 30, 2013, a decrease of \$21.9 million or 9.1 percent from June 30, 2012. Of the total \$219.2 million in net position at June 30, 2013, less than \$0.1 million or 0.02 percent is invested in capital assets, \$21.6 million or 9.84 percent is unrestricted and the balance of \$197.6 million or 90.14 percent is restricted for use towards programs and projects authorized in the Measure B 1986 and 2000 TEPs and congestion management projects.

The Alameda CTC does not record capital assets created by the projects it finances on its own financial statements since these assets are of value only to the local government in which they are located.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Statement of Net Position June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Cash and Investments	\$ 237,453,707	\$ 283,246,488
Receivables		
Sales tax receivables	20,375,501	18,367,599
Interest	457,252	90,270
Other	27,068,625	25,619,435
Land held for resale	4,068,000	4,068,000
Prepaid and other assets	306,483	213,093
Capital assets		
Furniture and equipment (net of accumulated depreciation)	50,632	110,699
Total Assets	\$ 289,780,200	\$ 331,715,584
Accounts Payable and Accrued Liabilities	\$ 46,150,242	\$ 64,074,400
Deferred revenue	24,386,467	26,420,220
Net OPEB obligation	-	27,915
Total Liabilities	70,536,709	90,522,535
Net Position:		
Net investment in capital assets	50,632	110,699
Restricted for:		
Transportation projects/programs	197,621,263	218,026,143
Unrestricted	21,571,596	23,056,207
Total Net Position	219,243,491	241,193,049
Total Liabilities and Net Position	\$ 289,780,200	\$ 331,715,584

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Change in Net Position

Total revenues during fiscal year 2013 were \$159.0 million, a decrease of \$11.4 million or 6.7 percent from fiscal year 2012. This decrease can be attributed to a decrease in Exchange Fund revenues and outside revenue sources for the congestion management program as more funding came from internal funding sources in fiscal year 2013 and therefore were eliminated on a consolidated basis. Total Expenses during fiscal year 2013 were \$181.0 million, a decrease of \$11.5 million or 6.0 percent from fiscal year 2012. This decrease is due to the changing phases and schedule of the congestion management capital projects as well as the elimination of internal funding expenses of congestion management programs on a consolidated basis. Internal project or program funding sources granted between funds are eliminated on a consolidated basis to ensure that revenues are not double counted on a consolidated basis in total revenues for the Alameda CTC.

The following are changes in key activities during fiscal year 2013:

- Operating grants and contributions for fiscal year 2013 were \$17.1 million, a decrease of \$5.5 million or 24.4 percent from fiscal year 2012. This change is primarily related to a decrease in Exchange Fund revenues in fiscal year 2013.
- Capital grants and contributions for fiscal year 2013 were \$19.1 million, a decrease of \$13.4 million or 41.1 percent from fiscal year 2012. This change is mostly due to a decrease in outside funding sources for the congestion management program as more funding came from internal funding sources in fiscal year 2013.
- Sales tax revenues for fiscal year 2013 were \$121.1 million, an increase of \$8.5 million or 7.6 percent over fiscal year 2012.
- Administration expenses for fiscal year 2013 were \$12.0 million, an increase of \$0.6 million or 5.7 percent from fiscal year 2012, mostly related to the cost for putting Measure B1 on the ballot in November 2012.
- Transportation improvement costs for fiscal year 2013 were \$131.3 million, a decrease of \$3.8 million or 2.8 percent.
- Congestion management expenses for fiscal year 2013 were \$37.7 million, a decrease of \$8.4 million or 18.2 percent from fiscal year 2012. This decrease is due to the changing phases and schedule of the congestion management capital projects as well as the elimination of internal funding expenses that were eliminated on a consolidated basis.

During fiscal year 2013, expenses exceeded revenues by \$21.9 million resulting in a decrease to net position which was \$219.2 million as of June 30, 2013.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Changes in Net Position June 30, 2013 and 2012

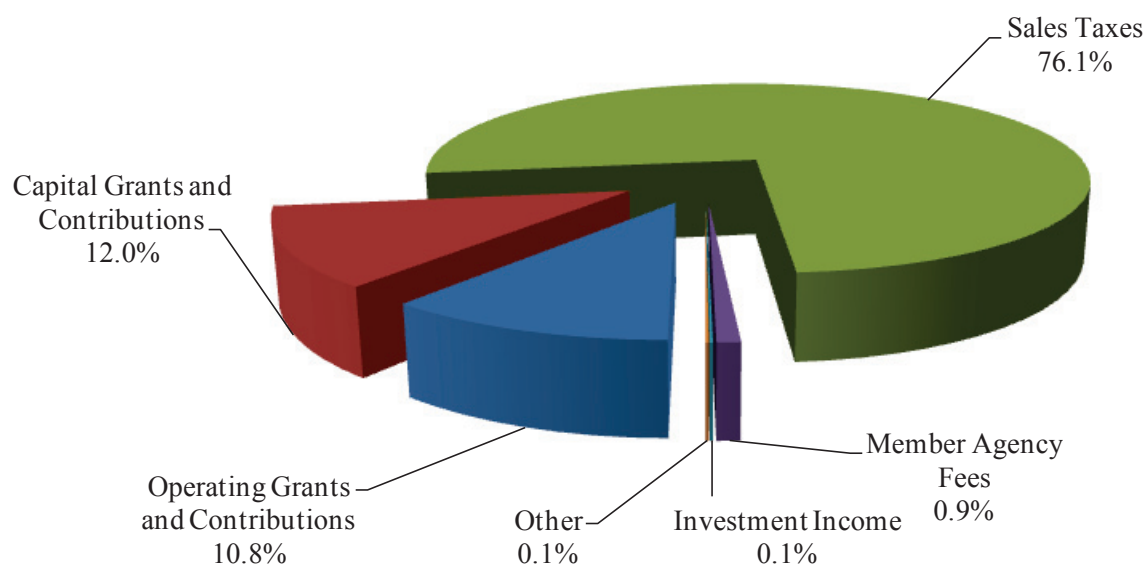
	Governmental Activities	
	2013	2012
Revenues		
Program revenues:		
Operating grants and contributions	\$ 17,112,291	\$ 22,634,296
Capital grants and contributions	19,051,245	32,521,003
General revenues:		
Sales taxes	121,084,780	112,568,093
Member agency fees	1,394,818	1,315,867
Investment income	172,499	956,225
Other	203,252	412,178
Total Revenues	<u>159,018,885</u>	<u>170,407,662</u>
Expenses		
Administration	11,981,445	11,338,750
Transportation improvements	131,266,274	135,067,898
Congestion management	37,720,724	46,101,090
Total Expenses	<u>180,968,443</u>	<u>192,507,738</u>
Change in Net Position	(21,949,558)	(22,100,076)
Net Position, Beginning of Year	<u>241,193,049</u>	<u>263,293,125</u>
Net Position, End of Year	<u>\$ 219,243,491</u>	<u>\$ 241,193,049</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

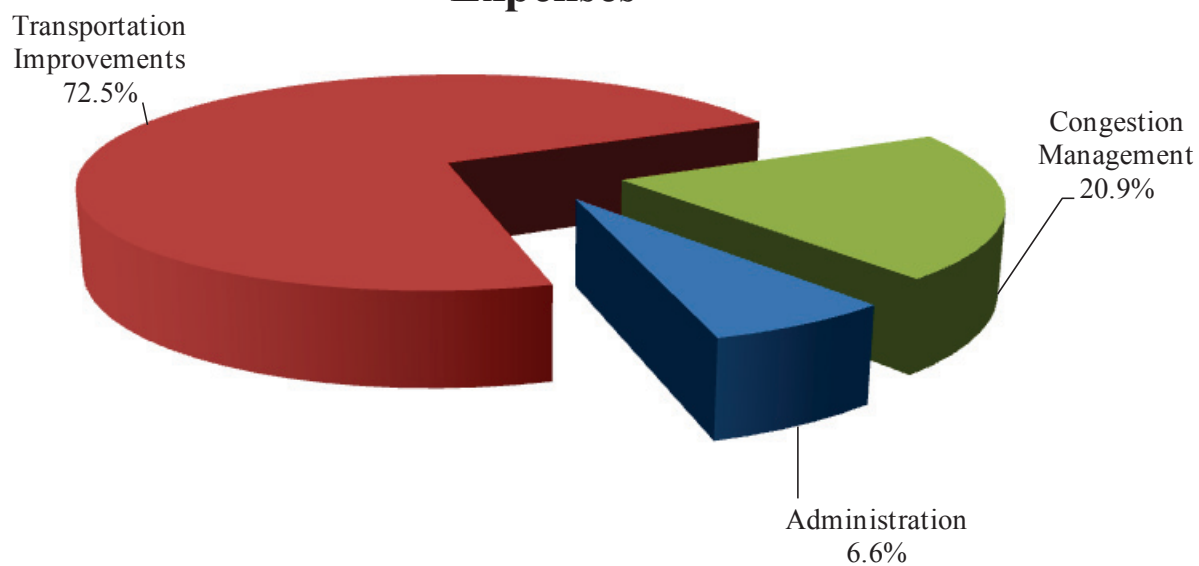
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Revenues



Expenses



ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Governmental Funds Financial Analysis

The Alameda CTC uses fund accounting to ensure compliance with finance-related legal requirements. Governmental funds include the General Fund, ACTIA Special Revenue Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund, ACCMA Capital Projects Fund, and the nonmajor funds including the Exchange Fund, Transportation for Clean Air Fund, and Vehicle Registration Fee Fund.

As of June 30, 2013, the Alameda CTC had \$219.2 million of fund balance in the governmental funds: \$20.4 million in the General Fund, \$9.1 million in the ACTIA Special Revenue Fund, \$46.6 million in the ACTIA Capital Projects Fund, \$128.5 million in the ACTA Capital Projects Fund and \$14.6 million in the nonmajor governmental funds. This is a decrease from June 30, 2012 of \$21.9 million or 9.1 percent. This decrease is mostly due to public transit and highways and streets related expenditures in the ACTIA and ACTA Capital Projects Funds. Construction on ACTA capital projects will continue until projects are completed. However, as of March 31, 2002 when the 1986 Measure B expired, this fund is no longer eligible to receive sales tax revenues.

For the period July 1, 2012 through June 30, 2013, the Alameda CTC had \$159.0 million of revenues in the governmental funds: \$10.8 million in the General Fund, \$69.4 million in the ACTIA Special Revenue Fund, \$48.6 million in the ACTIA Capital Projects Fund, \$0.2 million in the ACTA Capital Projects Fund, \$30.1 million in the ACCMA Capital Projects Fund, \$14.0 million in the nonmajor governmental funds less \$14.1 million of inter-fund revenues which have been eliminated on a consolidated basis. This is a decrease from June 30, 2012 of \$21.4 million or 11.9 percent. This decrease can be attributed to a decrease in Exchange Fund revenues and outside revenue sources for the congestion management program as more funding came from internal funding sources in fiscal year 2013 and therefore were eliminated on a consolidated basis.

For the period July 1, 2012 through June 30, 2013, the Alameda CTC had \$180.9 million of expenditures in the governmental funds: \$9.2 million in the General Fund, \$69.5 million in the ACTIA Special Revenue Fund, \$60.7 million in the ACTIA Capital Projects Fund, \$13.2 million in the ACTA Capital Projects Fund, \$29.6 million in the ACCMA Capital Projects Fund, \$12.7 million in the nonmajor governmental funds less \$14.1 million of inter-fund expenditures which have been eliminated on a consolidated basis. This is a decrease of \$45.0 million or 19.9 percent from June 30, 2012. This decrease is primarily due to Measure B Capital Projects Fund expenditures for public transit and highway and streets projects.

As of June 30, 2013, the Alameda CTC had \$289.6 million of assets in the governmental funds: \$32.5 million in the General Fund, \$26.5 million in the ACTIA Special Revenue Fund, \$63.6 million in the ACTIA Capital Projects Fund, \$131.0 million in the ACTA Capital Projects Fund, \$35.0 million in the ACCMA Capital Projects Fund, \$28.4 million in the nonmajor governmental funds less \$27.4 million of assets which have been eliminated on a consolidated basis. This is a decrease of \$41.9 million or 12.6 percent from June 30, 2012. This decrease is mostly attributed to a decrease of cash and investments in the ACTIA and ACTA Capital Projects Funds as they continue to fund projects authorized in the TEP while the ACTA Capital Projects Fund no longer collects sales tax revenues.

As of June 30, 2013, the Alameda CTC had \$70.4 million of liabilities in the governmental funds: \$12.1 million in the General Fund, \$17.3 million in the ACTIA Special Revenue Fund, \$17.1 million in the ACTIA Capital Projects Fund, \$2.5 million in the ACTA Capital Projects Fund, \$35.0 million in the ACCMA Capital Projects Fund, \$13.8 million in the nonmajor governmental funds less \$27.4 million of liabilities which have been eliminated on a consolidated basis. This is a decrease of \$20.0 million or 22.1 percent from June 30, 2012. This decrease is primarily due to a project management effort requiring more timely submission, and therefore more timely payment, of invoices from project sponsors.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Capital Assets

As of June 30, 2013, the Alameda CTC had \$50,632 invested in capital assets, including furniture and equipment and leasehold improvements.

Capital Assets
(net of accumulated depreciation and amortization)
As of June 30, 2013 and 2012

	2013	2012
Furniture and equipment (net of accumulated depreciation)	\$ 43,908	\$ 66,464
Leasehold improvements (net of accumulated amortization)	6,724	44,235
Total	<u>\$ 50,632</u>	<u>\$ 110,699</u>

Comparison of Budget to Actual

General Fund - The Alameda CTC began the fiscal year with an adopted revenue budget of \$13.3 million, an expenditures budget of \$15.6 million and a budgeted transfer in the amount of \$0.9 million resulting in a reduction in the General Fund balance of \$1.3 million. In the final adopted budget, the revenue budget was revised to \$11.7 million and the expenditure budget was revised to \$12.1 million resulting in a surplus in the General Fund of \$0.6 million. The adjustments were mostly related to a decrease in projected planning project expenditures.

Actual revenues from sales tax, project revenues, member agency fees, investment income and other were \$10.8 million which is less than final budget by \$0.9 million or 7.6 percent and actual administrative expenditures were \$9.2 million which is less than final budget by \$2.8 million or 23.5 percent. These variances are mostly related to planning activities in the General Fund which are billed to funding agencies on a reimbursement basis. Since expenditures were below budget, consequently so were revenues.

Other Significant Matters

Transportation Expenditure Plans into the Future – In November 2012, the Alameda CTC placed Measure B1 on the ballot for Alameda County. Measure B1, a sales tax measure that would have augmented and extended the county's existing half-cent transportation sales tax, was supported by the 2012 Transportation Expenditure Plan (2012 TEP). Because it was a special tax, Measure B1 required two-thirds or 66.67 percent voter approval to pass. Alameda County voters came out in strong support of Measure B1. However when all the votes were counted the measure received 66.53 percent approval of the Alameda County voters, just 0.14 percent short of passing. The measure would have provided Alameda County with \$7.8 billion in funding over the next 30 years to increase mobility, create jobs, reduce congestion and protect the environment. The 2012 TEP responded to the many transportation needs in Alameda County by providing details of how the funds would have been used to restore and expand transit services, fix potholes and reduce highway congestion, expand bicycle and pedestrian access and connect transit with housing and jobs.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

The Alameda CTC has formed an ad hoc committee of the Commission to address the next steps in Alameda County's transportation expenditure plan development and placement on the ballot. The committee is made up of members from the board of supervisors and cities representing all areas of the County. Formation of an ad hoc committee of the Commission will enable a focused discussion on reauthorization of the current transportation sales tax program, a determination on the appropriate time to place another sales tax measure on the ballot, a framework for which a transportation expenditure plan could be developed and what should be included, and the duration of the new sales tax program.

One Bay Area Grant Program – One of the most significant planning and programming efforts developed by staff in fiscal year 2013 was the One Bay Area Grant (OBAG) Program. The goal of the OBAG Program is to provide flexible funding to support the Sustainable Communities Strategy (SCS) in the Bay Area. The SCS aims to link housing and transportation in order to reduce greenhouse gas emissions and provide housing for residents of all income levels. To meet these goals, the OBAG program funds programs that support Priority Development Areas (PDA) including local streets and roads, bike and pedestrian infrastructure and transit oriented development. After extensive review, discussion and community input, the Commission approved the OBAG Program guidelines and selection criteria in December 2012. In February 2013, the Alameda CTC issued a coordinated call for projects which included OBAG, Measure B and VRF funding totaling more than \$70 million. Sixty-Nine (69) applications requesting \$121.1 million in funding for projects supporting PDAs and PCAs were received. After a rigorous evaluation process to prioritize projects that link transportation improvements with land-use decisions, relieve congestion and improve the region's air quality by a review team comprised of staff and consultants, final recommendations were approved by the Commission at its June 2013 meeting. The final recommendations approved by the Commission include funding for 38 projects throughout Alameda County.

Proposition 1B I-Bond Projects – In 2006, Alameda CTC aggressively pursued additional funding from the Proposition 1B Program for vital highway projects throughout Alameda County. Alameda CTC worked with the Metropolitan Transportation Commission (MTC) to submit recommendations for various Alameda County projects to the California Transportation Commission (CTC). The CTC selected seven of the projects recommended by Alameda CTC and MTC. Since the merger of the agencies and particularly throughout fiscal year 2013, the Projects and Programming staff have worked diligently to ensure that each of these projects were shovel ready in order to receive CTC approval for the I-Bond funds before the funding timeframe expired. In August 2013, Alameda CTC secured the CTC's approval for funding on the final I-Bond project to go into the construction phase in the amount of \$73.4 million of Trade Corridors Improvement Fund (TCIF) I-Bond funding for the I-880 North Safety and Operational Improvements at 23rd and 29th Avenues Project. With this last project, Alameda CTC has successfully secured a total of \$421.2 million in Proposition 1B Bond funding towards the delivery of an \$801.2 million construction program.

Sunol Smart Carpool Lane - A Joint Powers Agreement (Agreement) between the Alameda CTC's former agencies, ACTIA and ACCMA, and the Santa Clara Valley Transportation Authority established the Sunol Smart Carpool Lane (Lane), which created the Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA). The Agreement named the Alameda CTC as the managing agency for the project on behalf of the SSCLJPA. The Lane began operations on September 20, 2010 gaining its authority to operate in California through State law amended by 2004 legislation, AB 2032. During the transition/warranty period from construction to full operations, the Alameda CTC agreed to cover the cost of operations on behalf of the Authority via its capital project program funded by various federal, state and local sources through June 30, 2012. Fiscal year 2013 is the first year the SSCLJPA began paying for its own operating costs. Since inception, the Lane has continued to show growth in revenues and riders from week to week and is expected to be independently sustainable in the near future.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Vehicle Registration Fee - In November 2010, a majority (62.8 percent) of Alameda County voters approved Measure F to fund transportation related programs and projects. Measure F added \$10 to all motor vehicle registration fees collected by the Department of Motor Vehicles in Alameda County. The Expenditure Plan approved with the measure allocates revenue from the VRF to transportation-related programs and projects that must have a relationship or benefit to the persons who pay the fee and also must sustain the County's transportation network and reduce traffic congestion and vehicle-related pollution. The measure is expected to generate approximately \$11 million annually which will be distributed net of administrative costs based on the approved Expenditure Plan in the following manner:

- Local Road Improvement and Repair Program (60 percent)
- Transit for Congestion Relief Program (25 percent)
- Local Transportation Technology Program (10 percent)
- Pedestrian and Bicyclist Safety Program (5 percent)

The Alameda CTC began receiving the related VRF revenues in June 2011. Pass through funding for local road improvements and repairs began flowing to the cities and the County of Alameda in June 2012.

Requests for Information

This financial report is designed to provide a general overview of the Alameda CTC's finances for all those interested in government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Accounting at 1111 Broadway, Suite 800, Oakland, CA 94607.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2013

ASSETS

Cash and investments	\$ 237,453,707
Sales tax receivable	20,375,501
Interest receivable	457,252
Other receivable	27,068,625
Land held for resale	4,068,000
Prepays and other assets	306,483
Capital assets, net of accumulated depreciation	50,632
Total Assets	289,780,200

LIABILITIES

Accounts payable and accrued liabilities	46,150,242
Deferred revenues	24,386,467
Total Liabilities	70,536,709

NET POSITION

Net investment in capital assets	50,632
Restricted	197,621,263
Unrestricted	21,571,596
Total Net Position	\$ 219,243,491

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities				
Administration	\$ 11,981,445	\$ -	\$ -	\$ (11,981,445)
Transportation improvement	131,266,274	102,943	1,644,334	(129,518,997)
Congestion management	37,720,724	17,009,348	17,406,911	(3,304,465)
Total Governmental Activities	\$ 180,968,443	\$ 17,112,291	\$ 19,051,245	(144,804,907)
General revenues and subventions:				
Sales tax				121,084,780
Member agency fees				1,394,818
Interest and investment earnings				172,499
Other revenues				203,252
Subtotal, general revenues				122,855,349
Change in Net Position				(21,949,558)
Net Position - Beginning				241,193,049
Net Position - Ending				\$ 219,243,491

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2013

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
ASSETS			
Cash and investments	\$ 27,670,648	\$ 14,784,579	\$ 53,656,586
Sales tax receivable	916,898	11,655,703	7,802,900
Interest receivable	1,521	4,277	84,821
Other receivable	3,454,099	26,187	1,643,772
Due from other funds	192,478	-	440,163
Land held for sale	-	-	-
Prepays and other assets	270,970	-	-
Total Assets	<u>\$ 32,506,614</u>	<u>\$ 26,470,746</u>	<u>\$ 63,628,242</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,324,233	\$ 17,287,726	\$ 12,862,796
Due to other funds	10,824,395	17,252	4,191,276
Deferred revenue	-	34,154	-
Total Liabilities	<u>12,148,628</u>	<u>17,339,132</u>	<u>17,054,072</u>
Fund Balances			
Restricted			
ACTIA special revenue	-	9,131,614	-
Capital projects	-	-	46,574,170
Transportation for clean air	-	-	-
Vehicle registration fees	-	-	-
Assigned	-	-	-
Unassigned	20,357,986	-	-
Total Fund Balances	<u>20,357,986</u>	<u>9,131,614</u>	<u>46,574,170</u>
Total Liabilities and Fund Balances	<u>\$ 32,506,614</u>	<u>\$ 26,470,746</u>	<u>\$ 63,628,242</u>

The accompanying notes are an integral part of these financial statements.

ACTA Capital Projects Fund	ACCMA Capital Projects Fund	Nonmajor Governmental Funds	Inter-Fund Eliminations	Total Governmental Funds
\$ 116,483,245	\$ 9,952,767	\$ 14,905,882	\$ -	\$ 237,453,707
-	-	-	-	20,375,501
349,600	9,462	7,571	-	457,252
34,604	18,676,352	3,081,156	-	26,916,170
10,000,000	6,384,589	10,412,927	(27,430,157)	-
4,068,000	-	-	-	4,068,000
35,513	-	-	-	306,483
<u>\$ 130,970,962</u>	<u>\$ 35,023,170</u>	<u>\$ 28,407,536</u>	<u>\$ (27,430,157)</u>	<u>\$ 289,577,113</u>

\$ 2,484,598	\$ 10,543,173	\$ 1,647,716	\$ -	\$ 46,150,242
308	9,561,505	2,835,421	(27,430,157)	-
-	14,918,492	9,281,366	-	24,234,012
<u>2,484,906</u>	<u>35,023,170</u>	<u>13,764,503</u>	<u>(27,430,157)</u>	<u>70,384,254</u>

-	-	-	-	9,131,614
128,486,056	-	-	-	175,060,226
-	-	3,707,742	-	3,707,742
-	-	9,721,681	-	9,721,681
-	-	1,213,610	-	1,213,610
-	-	-	-	20,357,986
<u>128,486,056</u>	<u>-</u>	<u>14,643,033</u>	<u>-</u>	<u>219,192,859</u>
<u>\$ 130,970,962</u>	<u>\$ 35,023,170</u>	<u>\$ 28,407,536</u>	<u>\$ (27,430,157)</u>	<u>\$ 289,577,113</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2013

Reconciliation of Fund Balance of Governmental Funds to Net Position on the Statement of Net Position

Fund Balances on Governmental Funds Balance Sheet	\$ 219,192,859
Certain long-term receivables are recognized on the Statement of Net Position, but because these receivables are not available as current resources, they are not recognized on the governmental funds' balance sheet.	152,455
Certain deferrals of revenue are recognized on the Statement of Net Position, but because these deferrals of revenues are not available as current resources, they are not recognized on the governmental funds' balance sheet.	(152,455)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	50,632
Net Position on Statement of Net Position	<u><u>\$ 219,243,491</u></u>

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
REVENUES			
Sales tax	\$ 5,448,815	\$ 69,265,943	\$ 46,370,022
Project revenue	3,772,035	102,943	2,084,497
Member agency fees	1,394,818	-	-
Vehicle registration fees	-	-	-
Investment income	18,103	18,989	112,398
Other income	192,953	24,337	-
Total Revenues	10,826,724	69,412,212	48,566,917
EXPENDITURES			
Administrative			
Salaries and benefits	3,060,749	183,217	115,462
Office rent	788,189	-	-
Professional services	1,656,940	1,103,352	-
Planning and programming	1,561,829	-	-
Other	2,168,009	24,337	3,156
Transportation improvements			
Highways and streets	-	-	17,306,921
Public transit	-	37,183,713	41,205,395
Local transportation	-	31,038,235	2,108,726
Congestion management	-	-	-
Total Expenditures	9,235,716	69,532,854	60,739,660
OTHER FINANCING SOURCES (USES)			
Operating transfer in	445,577	-	-
Operating transfer out	-	-	-
Total Other Financing Sources (uses)	445,577	-	-
NET CHANGE IN FUND BALANCES	2,036,585	(120,642)	(12,172,743)
Fund Balances - Beginning	18,321,401	9,252,256	58,746,913
Fund Balances - Ending	\$ 20,357,986	\$ 9,131,614	\$ 46,574,170

The accompanying notes are an integral part of these financial statements.

ACTA Capital Projects Fund	ACCMA Capital Projects Fund	Nonmajor Governmental Funds	Inter-Fund Eliminations	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 121,084,780
-	30,299,929	1,962,620	(14,123,543)	24,098,481
-	-	-	-	1,394,818
-	-	12,065,055	-	12,065,055
210,335	(209,547)	22,221	-	172,499
10,299	-	-	(24,337)	203,252
220,634	30,090,382	14,049,896	(14,147,880)	159,018,885
258,106	338,275	315,408	-	4,271,217
115,652	-	-	-	903,841
101,117	-	61,846	-	2,923,255
-	-	-	-	1,561,829
117,986	-	108,108	(132,445)	2,289,151
12,624,029	-	-	(2,210,587)	27,720,363
-	-	-	(6,347,270)	72,041,838
-	-	-	(1,642,888)	31,504,073
-	29,306,530	12,228,884	(3,814,690)	37,720,724
13,216,890	29,644,805	12,714,246	(14,147,880)	180,936,291
-	-	-	-	445,577
-	(445,577)	-	-	(445,577)
-	(445,577)	-	-	-
(12,996,256)	-	1,335,650	-	(21,917,406)
141,482,312	-	13,307,383	-	241,110,265
\$ 128,486,056	\$ -	\$ 14,643,033	\$ -	\$ 219,192,859

ALAMEDA COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Position on Statement of Activities

Net Change in Fund Balances on governmental funds Statement of
Revenues, Expenditures and Changes in Fund Balances. \$ (21,917,406)

Capital outlays to purchase or build capital assets are reported in the governmental
funds as expenditures, however are capitalized in the Statement of Net Position and
allocated over the estimated useful life of the asset as depreciation. The
governmental funds reports capital asset additions of \$23,768 and the Statement
of Activities reports depreciation expense of \$83,835. (60,067)

In the Statement of Activities, other postemployment benefits are measured by the
annual required contribution of the employer. In the governmental funds,
expenditures for postemployment benefits are measured by the amount actually
contributed. The difference between the Annual Required Contribution (ARC) and the
amount actually contributed is reported in the Statement of Activities. This is
the amount of the OPEB contributions that exceeded the ARC. 27,915

Change in Net Position on Statement of Activities \$ (21,949,558)

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FIDUCIARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2013

	Retiree Benefits Trust Fund
ASSETS	
Deposits and investments	\$ -
Total Assets	-
NET POSITION	
Total Net Position	\$ -

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FIDUCIARY FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

	<u>Retiree Benefits Trust Fund</u>
ADDITIONS:	
Net investments income	\$ 839
Total Additions	<u>839</u>
DEDUCTIONS:	
Transfer to California Employer Retirement Benefit Trust	<u>911,211</u>
Total Deductions	<u>911,211</u>
CHANGE IN NET POSITION	
Net Position - Beginning	<u>910,372</u>
Net Position - Ending	<u><u>\$ -</u></u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 - REPORTING ENTITY

The Alameda County Transportation Authority (ACTA) was created by the approval of Measure B in November 1986. Measure B authorized the imposition of a one-half of one percent sales and use tax in the County. The proceeds are principally reserved for highway improvements, local transportation improvements, and transit funding in the County. The sales tax commenced April 1, 1987 and expired on March 31, 2002. ACTA was responsible for completing all of the projects in the expenditure plan adopted by voters, or to delegate this responsibility. Revenues from interest on the fund balance are estimated to cover all future administrative costs. ACTA was the sole independent authority responsible for receiving and allocating funds from the 1986 Measure B necessary to complete the program.

The Alameda County Board of Supervisors created the Alameda County Transportation Improvement Authority (ACTIA) in 1998, to place a ballot measure to authorize the imposition of a one-half of one percent sales and use tax (the sales tax) in Alameda County before Alameda County voters in June 1998. This measure did not receive the required two-thirds voter support to pass. A subsequent ballot measure was placed on the November 2000 ballot, and was approved by over two-thirds of the voters. The proceeds from the sales tax are principally reserved for highway infrastructure, mass transit, local transportation, and administrative costs. The sales tax commenced April 1, 2002 and will expire on March 31, 2022.

In June 1990, California voters approved a fuel tax increase as part of Propositions 111 and 108. To receive a share of the fuel tax revenues, local governments must conform to a Congestion Management Program (CMP). A Joint Powers Agreement dated February 20, 1991 between Alameda County, all fourteen cities in the County, and four transit operators (the Member Agencies) created the Alameda County Congestion Management Agency (ACCMA). The ACCMA was responsible for preparing, adopting, revising, amending, administering, and implementing the CMP and the Countywide Transportation Plan (CWTP) for Alameda County pursuant to §65088 at seq. of the Government Code, and providing other transportation planning and programming functions.

On March 25, 2010, ACTIA, ACCMA, the County of Alameda, the fourteen cities within Alameda County, the Bay Area Rapid Transit District, and the Alameda-Contra Costa Transit District entered into a Joint Powers Agreement. On June 24, 2010, the Boards of ACTIA and ACCMA created a joint powers agency, pursuant to the California Joint Exercise of Powers Act, known as the Alameda County Transportation Commission (Alameda CTC). The Alameda CTC is the successor agency of ACCMA and ACTIA. On June 24, 2010, the ACTA Board adopted a resolution to transfer all of ACTA's assets, responsibilities, functions, and liabilities to ACTIA, effective on July 1, 2010. ACTA was dissolved and extinguished effective July 1, 2010, following the transfer.

On February 23, 2012, at a joint meeting, the ACTIA and the ACCMA Boards of Directors adopted a resolution to transfer all of ACTIA's and ACCMA's assets, responsibilities, functions, and liabilities to the Alameda CTC effective March 1, 2012.

The Alameda CTC's mission is to plan, fund and deliver a broad spectrum of transportation projects and programs to enhance mobility throughout Alameda County. Each of the projects and programs sponsored by the Alameda CTC is funded through one or more federal, state, regional or local sources. The Alameda CTC is reimbursed from grants as eligible program or project implementation costs are incurred. Administrative and staff costs associated with implementing the legislatively mandated activities, such as the Congestion Management Program and the Countywide Transportation Plan, as well as the programming of federal and state transportation funds through the California Department of Transportation (Caltrans) and the California Transportation Commission are met through planning and programming grants from the Metropolitan Transportation Commission and Caltrans, member agency annual dues and other local funding sources.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

The Alameda CTC is governed by a twenty-two member Commission made up of five members of the Alameda County Board of Supervisors, two members representing the City of Oakland, 13 members each representing one of the other 13 cities in Alameda County, one member representing the Bay Area Rapid Transit District and one member representing Alameda-Contra Costa Transit District. Four community advisory committees including the Bicycle and Pedestrian Advisory Committee, Citizens Advisory Committee, Citizens Watchdog Committee and Paratransit Advisory and Planning Committee extend the Alameda CTC's work and the Alameda County Technical Advisory Committee will continue to provide technical feedback to the Alameda CTC.

These financial statements present the results of financial operations of the Alameda CTC as of June 30, 2013 and for the fiscal year then ended.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all activities of the Alameda CTC. The effect of inter-fund activity is eliminated from these statements.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales tax revenues are recorded when the taxes are due from the State Board of Equalization. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with the Alameda CTC's primary functions. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements. Interest and other revenues not included in program revenues are reported as general revenues.

The Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balances, are reported in separate columns in the fund financial statements. Nonmajor funds are summarized and presented in one column of the fund financial statements.

The Alameda CTC uses the following funds:

General Fund - The General Fund is the general operating fund of the Alameda CTC. Its purpose is to account for all financial resources and transactions not accounted for in another fund. Included in the General Fund is a subfund that accounts for the administration costs related to the 2000 Measure B Sales Tax Program (Measure B), which is limited to 4.5 percent of net revenues. Administration costs include salaries, benefits, professional fees, rent expense, office supplies and equipment, utilities, and other costs that cannot be specifically identified with another fund. Administrative salaries and benefits in support of Measure B are limited by the Transportation Expenditure Plan (TEP) and the Public Utilities Code to one percent of sales tax revenues. Revenues in excess of administrative expenditures in any one year are reserved for future administrative costs.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Special Revenue Fund - Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

ACTIA Special Revenue Fund - The ACTIA Special Revenue Fund accounts for resources accumulated as required by Measure B for restricted allocation to local cities and the County for local transportation improvements, streets and roads, and to transit agencies for operations and maintenance.

Nonmajor Vehicle Registration Fee Fund - The Vehicle Registration Fee Fund accounts for the November 2010, Measure F Vehicle Registration Fee (VRF) Program. Collection of the \$10 per year, per vehicle registration fee started in the first week of May 2011. The goal of the VRF program is to sustain the County's transportation network and reduce traffic congestion and vehicle related pollution.

Nonmajor Transportation for Clean Air Fund - Alameda County has a four-dollar per vehicle registration fee to support projects of the Bay Area Air Quality Management District (BAAQMD). Of the total collections, BAAQMD passes 40 percent of the proceeds to the Alameda CTC, which is tasked with programming the revenues to various pollution reducing projects within Alameda County. The Transportation for Clean Air Fund accounts for this activity.

Nonmajor Exchange Fund - The Exchange Fund accounts for the proceeds and expenditures of the Alameda CTC's Exchange Program, which is described in more detail in Note 5.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to the acquisition, or construction of major capital construction and other capital assets. The Alameda CTC uses the following capital projects funds:

ACTIA Capital Projects Fund - The ACTIA Capital Projects Fund accounts for resources accumulated and payments made for the acquisition or construction of major capital improvements in accordance with the Alameda County 2000 Measure B 20-Year Transportation Expenditure Plan.

ACTA Capital Projects Fund - The ACTA Capital Projects Fund accounts for the construction of major capital improvements in accordance with the 1986 Measure B Transportation Expenditure Plan.

ACCMA Capital Projects Funds - The ACCMA Capital Projects Fund accounts for the proceeds and expenditures related to the construction of capital improvement projects. These projects are implemented to reduce congestion or improve mobility in Alameda County.

The Alameda CTC does not retain ownership of the assets produced in relation to capital improvements to which it provides funding through its Capital Project Funds. The assets are transferred to the sponsor or managing jurisdiction upon completion.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Fiduciary Fund

Fiduciary Funds are trust funds used to account for the assets held by the Alameda CTC under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Alameda CTC's programs. The Alameda CTC's Fiduciary Fund is a trust fund which accounts for retiree medical benefits and allocated resources to provide medical benefits for retirees. The Fiduciary Fund reporting focuses on net position and changes in net position.

Measurement Focus and Basis of Accounting

The Alameda CTC's governmental fund financial statements are presented on a modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are both measurable and available. Measurable means the amount can be determined. Available means that they are collectible within the current period or soon thereafter to pay current liabilities. The Alameda CTC considers revenues available if they are collected within six months after fiscal year end. Expenditures are recorded when the related fund liability is incurred.

The modified accrual basis of accounting uses the current financial resources measurement focus whereby the Balance Sheet generally presents only current assets and current liabilities and the Statement of Revenues, Expenditures, and Change in Fund Balances presents sources and uses of available resources during a given period. Sales tax revenue, grant revenues, local matching revenue, and investment income, including the change in the fair value of investments, associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current reporting period using the modified accrual basis of accounting.

Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the Alameda CTC.

Net Position

Net position is reported on the government-wide Statement of Net Position in the following categories:

Net investment in capital assets - This category includes all capital assets net of accumulated depreciation. The Alameda CTC has no capital related debt.

Restricted net position - This category represents assets with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the Alameda CTC that is not restricted for any project or other purpose.

When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the classification of fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Alameda CTC prioritizes and expends funds in the following order: Restricted, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint. The three classifications are discussed in more detail below:

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Assigned - The assigned fund balance classification reflects amounts that the Alameda CTC intends to be used for specific purposes. Assignments may be established either by the governing body or by a designee of the governing body, and are not subject to the restricted or the committed levels of constraint.

Unassigned - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

Restricted and assigned fund balances are required to be used for transportation related projects and programs designed to reduce congestion or improve mobility in Alameda County.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Alameda CTC considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the Alameda CTC considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed, unless the governing board has directed otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Investments

Investments are stated at fair value. Included in investment income is the net change in the fair value of investments that consists of the realized gains or losses and the unrealized appreciation or depreciation of those investments. Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or for securities of comparable maturity, quality, and type as obtained from market makers.

Budget

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The Commission annually adopts a budget for all of its governmental funds using the modified accrual basis of accounting for the following fiscal year. The Commission may approve budget modifications during the year as needed. Expenditures that exceed the total approved budget by fund are not permitted without Commission approval.

The Executive Director is authorized to approve expenditures in excess of budgeted line items as long as the total expenditure budget within each of the governmental funds is not overspent. Appropriation authority lapses at the end of the fiscal year on the General, Special Revenue and the Exchange Funds.

The Commission adopts a rolling Capital Projects Fund budget. Any unutilized capital project budget authority on a specific project is rolled to the next fiscal year. The Commission adopts increases as requested to the capital budget by individual project with the annual budget and may approve modifications during the year as needed. The Executive Director or his designee approves reimbursements to project sponsors, and reimbursements are not to exceed contract and strategic plan limits.

Compensated Absences

The Alameda CTC's policy permits employees to accumulate up to 10 weeks of accrued vacation from year to year depending on the number of years they have been employed by the Alameda CTC or its predecessor agencies. The accrual for compensated absences as of June 30, 2013 is \$192,011. The Alameda CTC is not obligated to pay for unused sick leave if an employee terminates employment prior to retirement or prior to when the Alameda CTC ceases operations.

NOTE 3 - CASH AND INVESTMENTS

Investment in the State Investment Pool - The Alameda CTC is a voluntary participant in the Local Agency Investment Fund (LAIF) which is regulated by California government code §16429 under the oversight of the Treasurer of the State of California. The fair value of the Alameda CTC's investments in the pool is reported in the accompanying financial statement at amounts based upon the Alameda CTC's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

The Alameda CTC mitigates the risk of investment loss as follows:

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Alameda CTC's investments in the LAIF are not rated as of June 30, 2013. Investment ratings as determined by Standard & Poors are as follows:

Investment Type	AAA	AA+	A-1+	A1	Not Rated	Total
US Agency Securities	\$ -	\$ 76,182,434	\$ 3,499,306	\$ -	\$ -	\$ 79,681,740
US Treasury Bonds	-	5,333,352	-	-	-	5,333,352
Commercial Paper	-	-	9,644,491	12,486,832	-	22,131,323
Corporate Notes	670,706	-	-	-	-	670,706
Money Market						
Mutual Funds	429,961	-	-	-	-	429,961
Certificates of						
Deposits	-	-	11,756,002	13,177,291	-	24,933,293
LAIF	-	-	-	-	88,621,428	88,621,428
Total Investments	<u>\$ 1,100,667</u>	<u>\$ 81,515,786</u>	<u>\$ 24,899,799</u>	<u>\$ 25,664,123</u>	<u>88,621,428</u>	<u>221,801,803</u>
Cash in Banks					15,651,904	15,651,904
Total Cash and						
Investments					<u>\$ 104,273,332</u>	<u>\$ 237,453,707</u>

Custodial Credit Risk, Deposits - Custodial credit risk for deposits is the risk that, in the event of a bank failure, deposits may not be returned to the Alameda CTC. Alameda CTC did not adopt a formal policy regarding custodial credit risk. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, a portion of the Alameda CTC's bank balance, \$16,590,641, was exposed to custodial credit risk because it was uninsured. However, it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Alameda CTC.

Custodial Credit Risk, Investments - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Alameda CTC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Alameda CTC investments are not exposed to custodial credit risk.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Concentration of Credit Risk - Concentration of credit risk is the risk attributable to the magnitude of investments with any single issuer. The investment policy of the Alameda CTC, along with the California Government Code, contains no limitations on the amount that can be invested in Federal agency securities. The Alameda CTC has the following investments exceeding five percent of the total investments in each single issuer:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 30,106,582
Federal National Mortgage Association	Federal Agency Securities	28,406,930

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Alameda CTC generally manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. However, the current portfolio has become very short term as the Alameda CTC anticipates funding large Measure B projects within the next year. Many ACTIA capital projects are complete and many are moving into the construction phase at a faster pace than originally projected in the TEP. The Alameda CTC plans to do a debt financing in the next fiscal year to fund the needs of the ACTIA capital program which will be paid back from future sales tax revenues.

Information about the sensitivity of the fair values of the Alameda CTC's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of investments by maturity.

Investment Type	12 Months or less	13 to 24 Months	Total
U.S. Agency Securities	\$ 73,809,876	\$ 5,871,864	\$ 79,681,740
U.S. Treasury Bonds	5,333,352	-	5,333,352
Commercial Paper	22,131,323	-	22,131,323
Corporate Notes	670,706	-	670,706
Certificates of Deposits	24,933,293	-	24,933,293
Money Market Mutual Funds	429,961	-	429,961
State Investment Pool	88,621,428	-	88,621,428
Total Investments	215,929,939	5,871,864	221,801,803
Cash in Bank	15,651,904	-	15,651,904
Total Cash and Investments	\$ 231,581,843	\$ 5,871,864	\$ 237,453,707

As reported by the State Treasurer, the weighted average maturity of the LAIF was 278 days on June 30, 2013.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Policies and Practices - The following table presents investments with maximum maturity and minimum credit quality permitted by the Alameda CTC investment policy, or California Government Code when more restrictive:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	S&P Minimum Credit Quality
U.S. Agency Securities	5 years	None	35%	None
U.S. Treasury Obligations	5 years	None	None	None
Commercial Paper	270 days	25%	5%	A1
Medium Term Corporate Notes of U.S. Corporations	5 years	30%	5%	A-
Negotiable Certificates of Deposit	3 years	30%	5%	A-
Money Market Mutual Funds	N/A	20%	5%	AAA
Local Agency Investment Fund	N/A	None	None	None
Banker's Acceptance	180 days	40%	5%	A1
Registered State Bonds, Notes, Warrants	5 years	10%	5%	A-
Bonds of any of the other 49 states in addition to California	5 years	10%	5%	A-
California Asset Management Program	N/A	5%	None	None
California Collateralized Time Deposits	1 year	10%	5%	None
Local Agency Bonds, Notes, Warrants	5 years	10%	5%	A-
Repurchase Agreements	90 days	20%	None	None

NOTE 4 – CAPITAL ASSETS

Property and equipment costing \$5,000 or more is capitalized on the Statement of Net Position at historical cost. Capital assets are depreciated using the straight-line method over the following estimated useful lives: office furniture and equipment, five years; computer equipment, three years; and building improvements, remaining term of lease agreement.

Capital asset balances at June 30, 2013, and activity during the fiscal year were as follows:

	July 1, 2012	Additions	Dispositions	June 30, 2013
Capital assets being depreciated:				
Furniture, equipment and leasehold improvements	\$ 1,062,102	\$ 23,768	\$ (84,084)	\$ 1,001,786
Less accumulated depreciation for:				
Furniture, equipment and leasehold improvements	(951,403)	(83,835)	84,084	(951,154)
Capital assets, net of accumulated depreciation	<u>\$ 110,699</u>	<u>\$ (60,067)</u>	<u>\$ -</u>	<u>\$ 50,632</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 5 – EXCHANGE PROGRAM

The Alameda CTC participates in a Local Funds Exchange Program for providing local funds to agencies for use in projects that either do not have the ability to make use of state or federal funds or would face unacceptable delays, cost increases, or undue hardships if state or federal funds were utilized.

The Alameda CTC has entered into agreements with several local agencies to exchange State Transportation Improvement Program funds with the other government's local funding for various transportation projects. The revenues received as a result of the exchange are treated for financial reporting purposes as deferred revenues. These deferred revenues are recognized as revenues at the time qualifying expenditures are incurred.

The following is a list of the funds exchanged from other governments through June 30, 2013:

Alameda County Transportation Improvement Authority	\$ 2,300,000
Alameda-Contra Costa Transit District	35,060,514
Bay Area Rapid Transit	8,100,000
City of Berkeley	259,560
City of Dublin	4,230,000
City of Fremont	5,983,256
City of Livermore	4,580,000
City of Union City	9,314,000
Metropolitan Transportation Commission	675,000
San Joaquin Regional Rail Commission	432,445
Santa Clara Valley Transportation Authority	558,000
Total Exchanged Funds	<u>71,492,775</u>
Total expenditures incurred	
Year ended June 30, 2013	-
Previous years	<u>(62,058,954)</u>
Total deferred inflows - accrual basis	9,433,821
Less amount not yet collected	(152,455)
Total deferred inflows - modified accrual	<u>\$ 9,281,366</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 6 - EMPLOYEE RETIREMENT PLAN

Plan Description

The Alameda CTC participates in the Public Employees' Retirement Fund (the Fund) of the California Public Employees' Retirement System (CalPERS) miscellaneous 2.5 percent at 55 risk pool. All employees are eligible to participate in the fund. The Fund is an agent cost sharing multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. Benefit provisions and all other requirements are established by state statute and Commission resolution. CalPERS issues a publicly available Comprehensive Annual Financial Report (CAFR). The CalPERS CAFR may be obtained by written request to the State of California's Public Employees' Retirement System at 400 Q Street, Sacramento, California 95811 or <http://www.calpers.ca.gov>.

Funding Policy

The total payroll for the year ended June 30, 2013 was \$2,665,027, which is the approximate covered payroll for employees participating in the Fund. The contribution requirements of the plan members are established by State statute and were eight percent of salary as of June 30, 2013; however, the Alameda CTC contributes five percent of this contribution on the employee's behalf. The Alameda CTC is required to contribute the employer portion at an actuarially determined rate. The average rate for the year ended June 30, 2013 was 14.563 percent of covered payroll.

Annual Pension Cost

The annual pension cost was equal to the required contribution, which was determined as part of an actuarial valuation performed as of June 30, 2011 by CalPERS, using the entry age normal cost method. The significant actuarial assumptions used in the valuation were an assumed rate of return on investment assets of 7.5 percent. Projected salary increases vary by category, entry age and duration of service and include wage inflation of .25 percent and a factor of 2.75 percent for price inflation for an annual overall payroll growth of 3.0 percent.

Two-year Trend Information

The following table shows required contributions and percentage contributed for the current reporting period and the preceding year.

Fiscal Period Ended*	(APC) Annual Pension Cost	Percentage of APC Contributions	Net Pension Obligation
June 30, 2013	\$ 565,592	100%	\$ -
June 30, 2012	511,783	100%	-

*Annual Pension Cost for 2011 is not available because Alameda CTC was formed in fiscal year ended June 30, 2012.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating Lease

The Alameda CTC has entered into operating lease agreements with OCC Venture LLC for the office space located at 1111 Broadway in Oakland, CA through 2023. These agreements do not contain purchase options. Alameda CTC will continue to pay the balance of the lease terms to CIM/Oakland 1333 Broadway LP in Oakland, CA for the 2nd and 3rd floor spaces through November and March 2013 respectively.

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payments
2014	\$ 1,026,944
2015	806,351
2016	831,280
2017	857,167
2018	883,055
2019	908,942
2020	934,830
2021	962,635
2022	991,399
2023	1,022,081
2024	344,209
Total	<u>\$ 9,568,893</u>

The Alameda CTC has entered into sublease agreements for rental of facilities with Acumen Building Enterprise, Inc. (\$1,070 per month), Nelson\Nygaard Consulting Associates (\$745 per month), Rochelle Wheeler (\$417 per month), and L. Luster and Associates (\$274 per month) effective from July 1, 2011. They also entered into a sublease agreement with Moffatt & Nichol (\$3,500 per month) effective July 1, 2011 that expired December 31, 2012 and one with Hatch Mott McDonald, LLC (\$5,086 per month) effective January 1, 2013. These sublease agreements are month-to-month tenancy and are terminable for any reason whatsoever with 30 days written notice given at any time by either party.

Agreements with Private Firms

The Alameda CTC has entered into contracts with various private firms to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, construction management services and other related miscellaneous services. As of June 30, 2013, the total outstanding commitments (not paid or accrued) are \$31.7 million. The terms range from June 30, 2013 to up to five years (or acceptance of the work, whichever is earlier).

Agreements with Agencies

The Alameda CTC has entered into agreements with various agencies to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, construction management, equipment purchase

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

services and operations. As of June 30, 2013, the total outstanding commitments (not paid or accrued) are \$277.7 million. The terms range from June 30, 2013 to up to ten years (or acceptance of the work, whichever is earlier).

Grants

The Alameda CTC receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position at June 30, 2013.

Construction

The Alameda CTC has entered into contracts with various contractors for the construction phase of capital projects. As of June 30, 2013, the total outstanding commitments (not paid or accrued) are \$12.8 million. The terms range from June 30, 2013 through June 30, 2015 (or acceptance of the work, whichever is earlier).

Funding Agreements

Exchange Fund - The Alameda CTC has entered into Exchange agreements with several local governments to provide funding for transportation projects. As of June 30, 2013, the remaining project costs to be paid by the Alameda CTC totaled approximately \$30.3 million.

Capital Projects Fund - The Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA) is a joint powers authority, organized in February 2006 pursuant to a Joint Powers Agreement (Agreement) among the Alameda CTC (formerly the ACCMA and ACTIA) and the Santa Clara Valley Transportation Authority. The Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The SSCLJPA was formed to operate a value pricing high-occupancy vehicle program on the Sunol Grade segment of southbound Interstate-680 in Alameda and Santa Clara Counties.

The SSCLJPA was formed as a result of a planning study completed by the Alameda CTC which evolved into a capital project that designed and constructed the lane. The lane went into operations on September 20, 2010. The Alameda CTC was designated the managing agency for the SSCLJPA and has provided administrative, accounting and other support since its inception. While the Alameda CTC continues as the managing agency, it no longer funds administrative support costs on behalf of the SSCLJPA; however it continues to subsidize the costs of operations and maintenance with local grant funding through its I-680 Southbound HOT Lane Project. Throughout fiscal year 2013, Alameda CTC incurred operations and maintenance costs on behalf of the SSCLJPA as follows:

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

System Manager/Operations Support	\$	138,821
Other Consultant Costs		199,966
Project Management/Controls		157,076
Alameda CTC staff time		65,628
IT Support		64,368
Other		1,234
Total	\$	<u>627,093</u>

Insurance

The Alameda CTCC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The following is a summary the Alameda CTC's insurance coverage:

Type of Coverage	Deductible	Coverage up to
Property liability	\$ 2,500	\$ 983,000 per occurrence
General liability	5,000	1,000,000 per occurrence
Fire legal liability	5,000	500,000 per occurrence
Medical legal liability	-	5,000 per occurrence
Workers' compensation	-	1,000,000 aggregate
Employment practices	35,000	2,000,000 per occurrence
Director & officers	25,000	2,000,000 per occurrence
Crime	75,000	10,000,000 per occurrence
Excess liability	-	4,000,000 per occurrence

There were no claims in excess of insured amounts during the past three years.

Litigation

The Alameda CTC is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Alameda CTC at June 30, 2013.

NOTE 8 – INTERFUND ACTIVITY

As of June 30, 2013, the General Fund's inter-fund liability due to the Exchange Fund of \$824,395 and the ACCMA Capital Projects Fund inter-fund liability due to the Exchange Fund of \$9,561,505 were the result of cash advances for capital project expenditures. This arrangement is necessary because ACCMA capital project funding is received on a reimbursement basis. These amounts will be repaid from revenue received from funding agencies as reimbursement is received for capital project expenditures.

In March 2011, the ACTA Capital Projects Fund agreed to loan the ACCMA General Fund up to \$25 million, if needed. The loan carries no interest and is repayable when the ACCMA General Fund is in a position to do so,

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

which is expected to be during the fiscal year 2015-16. As of June 30, 2013, the ACCMA General Fund owed the ACTA Capital Projects Fund \$10 million.

The Alameda CTC also records inter-fund activity when one of the tax measures or congestion management fee programs managed by the Alameda CTC provides funding for an Alameda CTC sponsored congestion management project or program. As of June 30, 2013, the ACCMA General Fund, the ACTIA Special Revenue Fund, the ACTIA Capital Projects Fund, the ACCMA Capital Projects Fund and the Exchange Fund combined had revenues receivable totaling \$7,044,257 due and net revenues reported of \$14,147,880 from the various Alameda CTC managed tax measures or congestion management fee programs. The various Funds providing the funding have recorded all receipts as revenues, and receivables if not yet received, and all funding requirements as expenditures, and payables if not yet paid. All inter-fund receivables and payables are expected to be eradicated within 90 days from the date of this CAFR, June 30, 2013.

All inter-fund activity has been included in the elimination column of the fund financial statements and eliminated from the government-wide financial statements.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Alameda CTC offers retiree health benefits under a Retiree Health Reimbursement Arrangement. Retirees are eligible for benefits if they retire from the Alameda CTC under CalPERS within 120 days of employment and have 10 years of credited service with CalPERS including at least five years with the Alameda CTC or its predecessor agencies. The Alameda CTC's contributions are based on years of public service and the following formula: 50 percent after 10 years with an additional five percent for each additional year of service reaching a maximum of 100 percent after 20 years of service. The contribution maximum is based on the Kaiser Bay Area two-Party Basic Premium rate available through the CalPERS medical program. These benefit provisions were established and may be amended by the Commission. Contributions for retirees will never exceed the amount contributed on behalf of active employees.

As of June 30, 2013, membership in the plan consisted of the following:

Retirees receiving benefits	11
Active plan members	25
Total	<u>36</u>

The Alameda CTC participates in the California Employers' Retirement Benefit Trust (CERBT), an irrevocable trust established to fund postemployment healthcare benefits. The CERBT is established by CalPERS, and is managed by an appointed board not under the control of Alameda CTC. This trust is not considered a component unit of Alameda CTC and has been excluded from these financial statements. The CERBT issues a publicly available annual financial report, which may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 93811.

Prior to establishing the Alameda CTC CERBT, the prior agencies had two separate types of trusts established to accumulate other postemployment benefits (OPEB). The ACCMA's OPEB trust was also a CERBT with CalPERS, and ACTIA's OPEB trust was a separate trust set up as a fiduciary fund and is included in this Comprehensive Annual Financial Report as the Retiree Benefits Trust Fund. The Retiree Benefits Trust Fund

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

does not prepare separate financial statements. All assets of the prior agencies' trust funds were transferred to the consolidated Alameda CTC CERBT during the current fiscal year.

Annual Post Retirement Benefits Costs and Net Post Retirement Benefit

The annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Alameda CTC's net OPEB obligation:

Normal cost at year end	\$ 110,069
Amortization of UAAL	5,064
Annual required contribution (ARC)	<u>115,133</u>
Interest on prior year Net OPEB Obligation	6,449
Adjustment to ARC	<u>(5,733)</u>
Annual OPEB cost	115,849
Contributions made	<u>(143,764)</u>
Change in Net OPEB Obligation	<u>(27,915)</u>
Net OPEB Asset - Beginning of Year	<u>27,915</u>
Net OPEB Asset - End of Year	<u>\$ -</u>

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation is as follows:

Fiscal Year Ended*	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2013	\$ 115,849	\$ 143,764	124%	\$ -
June 30, 2012	115,849	163,797	141%	27,915

*Annual Pension Cost for 2011 is not available because Alameda CTC was formed in fiscal year ended June 30, 2012.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of June 30, 2013, the entry age normal cost method is used. The actuarial assumptions included a 7.61 percent investment rate of return; an annual healthcare cost trend rate varying from 6.7 percent in 2015 to 5.0 percent in 2021 and thereafter; and a 3.25 percent annual increase in projected payroll. The Unfunded Actuarially Accrued Liability (UAAL) is being amortized on a level dollar approach on a closed basis over 30 years beginning in fiscal year 2007-08. The remaining amortization period is 24 years.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Funding Policy

The funding policy of the Alameda CTC is to contribute the entire ARC on an annual basis.

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2013	\$ 2,140,174	\$ 2,065,334	\$ 74,840	97%	\$ 2,665,027	3%

Information for a three-year presentation is not available because Alameda CTC was established in fiscal year ended June 30, 2012.

NOTE 10 – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.9 billion of state general obligation bonds authorized, \$4 billion was set aside by the state as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation, or replacement.

During the current reporting period, the Alameda CTC expended \$694,008 of PTMISEA proceeds. The proceeds available for obligation at June 30, 2013 are \$99,251. The following table summarizes the activity during the year:

Available proceeds, June 30, 2012	\$ 791,867
Interest earned	1,392
Total revenues	793,259
Total expenditures	(694,008)
Available proceeds, June 30, 2013	<u>\$ 99,251</u>

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 5,040,000	\$ 5,355,000	\$ 5,448,815	\$ 93,815
Project revenue	6,558,570	4,649,713	3,772,035	(877,678)
Member agency fees	1,394,819	1,394,819	1,394,818	(1)
Investment income	-	-	18,103	18,103
Other	322,000	322,000	192,953	(129,047)
Total Revenues	13,315,389	11,721,532	10,826,724	(894,808)
Expenditures				
Administrative				
Salaries and benefits	2,768,643	2,768,643	3,060,749	(292,106)
Office rent	833,970	833,970	788,189	45,781
Professional services	1,613,764	1,439,711	1,656,940	(217,229)
Planning and programming	8,481,977	5,139,943	1,561,829	3,578,114
Other	1,877,721	1,894,348	2,168,009	(273,661)
Total Expenditures	15,576,075	12,076,615	9,235,716	2,840,899
Other Financing Sources				
Transfers in	911,394	911,394	445,577	(465,817)
Net change in fund balance	(1,349,292)	556,311	2,036,585	1,480,274
Fund Balance - Beginning	18,321,401	18,321,401	18,321,401	-
Fund Balance - Ending	\$ 16,972,109	\$ 18,877,712	\$ 20,357,986	\$ 1,480,274

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - ACTIA SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 64,069,040	\$ 68,073,355	\$ 69,265,943	\$ 1,192,588
Project revenue	45,000	74,981	102,943	27,962
Investment income	-	-	18,989	18,989
Other income	-	40,600	24,337	(16,263)
Total Revenues	64,114,040	68,188,936	69,412,212	1,223,276
Expenditures				
Administrative				
Salaries and benefits	197,889	197,889	183,217	14,672
Professional services	988,016	1,140,755	1,103,352	37,403
Other		40,600	24,337	16,263
Transportation improvements	64,250,323	70,934,576	68,221,948	2,712,628
Total Expenditures	65,436,228	72,313,820	69,532,854	2,780,966
Net change in fund balance	(1,322,188)	(4,124,884)	(120,642)	4,004,242
Fund Balance - Beginning	9,252,256	9,252,256	9,252,256	-
Fund Balance - Ending	\$ 7,930,068	\$ 5,127,372	\$ 9,131,614	\$ 4,004,242

SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Passed Through California Department of Transportation			
Highway Planning and Construction	20.205	Not available	
ARRA - I-580 Eastbound Express (HOT) Lanes			\$ 520,517
Center to Center Program			(7,998)
Congestion Management Program			139,792
Coordination and Mobility Management Planning			3,281
Countywide Transportation Plan			69,895
East Bay Greenway - Segment 7A			14,506
I-580 Eastbound HOV/AUX Lane - Segment 3			144,000
I-580 Soundwall Landscaping SL			261,607
I-580 Westbound Express HOT/HOV Lanes			188,635
I-680 Southbound SMART Carpool Lane			109,275
I-680 Sunol Express Lanes - Southbound			727,417
I-80 Gilman			227,994
I-80 Intergrated Corridor Mobility			23,290
I-880 North Safety & Operational Improvements			1,250,446
I-880 Southbound HOV Lane			47,460
MTC Partnership			106
MTC Planning			208,449
One Bay Area Grant Program			40,740
Safe Routes to School			1,218,527
Transportation & Land Use			228,846
Travel Model Support			21,372
Tri-City Travel Training Program			(1,854)
Webster St. SMART Corridor			327,283
Total Expenditures of Federal awards			<u>\$ 5,763,586</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GENERAL FUND COMBINING SCHEDULE OF BALANCE SHEETS JUNE 30, 2013

	ACTIA	ACCMA	Total General Fund
ASSETS			
Cash and investments	\$ 18,946,623	\$ 8,724,025	\$ 27,670,648
Sales tax receivable	916,898	-	916,898
Interest receivable	-	1,521	1,521
Other receivable	83,102	3,370,997	3,454,099
Due from other funds	-	192,478	192,478
Prepays and other assets	107,540	163,430	270,970
Total Assets	<u>\$ 20,054,163</u>	<u>\$ 12,452,451</u>	<u>\$ 32,506,614</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 509,746	\$ 814,487	\$ 1,324,233
Due to other funds	-	10,824,395	10,824,395
Total Liabilities	<u>509,746</u>	<u>11,638,882</u>	<u>12,148,628</u>
Fund Balances			
Unassigned	19,544,417	813,569	20,357,986
Total Fund Balances	<u>19,544,417</u>	<u>813,569</u>	<u>20,357,986</u>
Total Liabilities and Fund Balances	<u>\$ 20,054,163</u>	<u>\$ 12,452,451</u>	<u>\$ 32,506,614</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GENERAL FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	ACTIA	ACCMA	Total General Fund
REVENUES			
Sales tax	\$ 5,448,815	\$ -	\$ 5,448,815
Project revenue	-	3,772,035	3,772,035
Member agency fees	-	1,394,818	1,394,818
Investment income	13,195	4,908	18,103
Other income	30,896	162,057	192,953
Total Revenues	5,492,906	5,333,818	10,826,724
EXPENDITURES			
Administrative			
Salaries and benefits	826,801	2,233,948	3,060,749
Office rent	346,956	441,233	788,189
Professional services	1,153,212	503,728	1,656,940
Planning and programming	-	1,561,829	1,561,829
Other	1,646,662	521,347	2,168,009
Total Expenditures	3,973,631	5,262,085	9,235,716
OTHER FINANCING SOURCES			
Operating transfer in	-	445,577	445,577
NET CHANGE IN FUND BALANCES	1,519,275	517,310	2,036,585
Fund Balances - Beginning	18,025,142	296,259	18,321,401
Fund Balances - Ending	\$ 19,544,417	\$ 813,569	\$ 20,357,986

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	Exchange Fund	Transportation for Clean Air Fund	Vehicle Registration Fee Fund	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 2,701,447	\$ 3,230,852	\$ 8,973,583	\$ 14,905,882
Interest receivable	1,432	1,467	4,672	7,571
Other receivable	4,775	900,000	2,176,381	3,081,156
Due from other funds	10,412,927	-	-	10,412,927
Total Assets	<u>\$ 13,120,581</u>	<u>\$ 4,132,319</u>	<u>\$ 11,154,636</u>	<u>\$ 28,407,536</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 80,966	\$ 326,213	\$ 1,240,537	\$ 1,647,716
Due to other funds	2,544,639	98,364	192,418	2,835,421
Deferred revenue	9,281,366	-	-	9,281,366
Total Liabilities	<u>11,906,971</u>	<u>424,577</u>	<u>1,432,955</u>	<u>13,764,503</u>
Fund Balances				
Restricted				
Transportation for Clean Air	-	3,707,742	-	3,707,742
Vehicle Registration Fee	-	-	9,721,681	9,721,681
Assigned	1,213,610	-	-	1,213,610
Total Fund Balances	<u>1,213,610</u>	<u>3,707,742</u>	<u>9,721,681</u>	<u>14,643,033</u>
Total Liabilities and Fund Balances	<u>\$ 13,120,581</u>	<u>\$ 4,132,319</u>	<u>\$ 11,154,636</u>	<u>\$ 28,407,536</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Exchange Fund	Transportation for Clean Air Fund	Vehicle Registration Fee Fund	Nonmajor Governmental Funds
REVENUES				
Project revenue	\$ 108,061	\$ 1,854,559	\$ -	\$ 1,962,620
Vehicle registration fees	-	-	12,065,055	12,065,055
Investment income	3,833	5,077	13,311	22,221
Total Revenues	<u>111,894</u>	<u>1,859,636</u>	<u>12,078,366</u>	<u>14,049,896</u>
EXPENDITURES				
Administrative				
Salaries and benefits	-	-	315,408	315,408
Professional services	-	-	61,846	61,846
Other	-	-	108,108	108,108
Congestion management	3,661,005	1,539,808	7,028,071	12,228,884
Total Expenditures	<u>3,661,005</u>	<u>1,539,808</u>	<u>7,513,433</u>	<u>12,714,246</u>
NET CHANGE IN FUND BALANCES	(3,549,111)	319,828	4,564,933	1,335,650
Fund Balances - Beginning	<u>4,762,721</u>	<u>3,387,914</u>	<u>5,156,748</u>	<u>13,307,383</u>
Fund Balances - Ending	<u>\$ 1,213,610</u>	<u>\$ 3,707,742</u>	<u>\$ 9,721,681</u>	<u>\$ 14,643,033</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - ACTIA CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 42,890,960	\$ 45,571,645	\$ 46,370,022	\$ 798,377
Project revenue	300,000	2,091,098	2,084,497	(6,601)
Investment income	150,000	180,000	112,398	(67,602)
Total revenues	<u>43,340,960</u>	<u>47,842,743</u>	<u>48,566,917</u>	<u>724,174</u>
Expenditures				
Administrative				
Salaries and benefits	157,185	157,185	115,462	41,723
Professional services	1,434,995	1,298,909	-	1,298,909
Other	-	-	3,156	(3,156)
Transportation improvements	<u>84,082,327</u>	<u>137,854,951</u>	<u>60,621,042</u>	<u>77,233,909</u>
Total Expenditures	<u>85,674,507</u>	<u>139,311,045</u>	<u>60,739,660</u>	<u>78,571,385</u>
Net change in fund balance	(42,333,547)	(91,468,302)	(12,172,743)	79,295,559
Fund Balance - Beginning	<u>58,746,913</u>	<u>58,746,913</u>	<u>58,746,913</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 16,413,366</u>	<u>\$ (32,721,389)</u>	<u>\$ 46,574,170</u>	<u>\$ 79,295,559</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - ACTA CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Investment income	\$ 1,025,000	\$ 1,025,000	\$ 210,335	\$ (814,665)
Other income	-	-	10,299	10,299
Total revenues	1,025,000	1,025,000	220,634	(804,366)
Expenditures				
Administrative				
Salaries and benefits	235,499	235,499	258,106	(22,607)
Office rent	119,139	119,139	115,652	3,487
Professional services	678,078	287,813	101,117	186,696
Other	226,359	216,234	117,986	98,248
Transportation improvements	11,861,501	44,069,577	12,624,029	31,445,548
Total Expenditures	13,120,576	44,928,262	13,216,890	31,711,372
Net change in fund balance	(12,095,576)	(43,903,262)	(12,996,256)	30,907,006
Fund Balance - Beginning	141,482,312	141,482,312	141,482,312	-
Fund Balance - Ending	\$ 129,386,736	\$ 97,579,050	\$ 128,486,056	\$ 30,907,006

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - ACCMA CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax				
Project revenue	\$ 57,881,374	\$ 78,681,037	\$ 30,299,929	\$ (48,381,108)
Investment income	-	-	(209,547)	(209,547)
Total revenues	<u>57,881,374</u>	<u>78,681,037</u>	<u>30,090,382</u>	<u>(48,590,655)</u>
Expenditures				
Administrative				
Salaries and benefits	1,232,836	1,232,836	338,275	894,561
Congestion management	<u>56,648,538</u>	<u>77,448,201</u>	<u>29,306,530</u>	<u>48,141,671</u>
Total Expenditures	<u>57,881,374</u>	<u>78,681,037</u>	<u>29,644,805</u>	<u>49,036,232</u>
Other Financing Uses				
Operating Transfer Out	<u>-</u>	<u>-</u>	<u>445,577</u>	<u>(445,577)</u>
Net change in fund balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - EXCHANGE FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Project revenue	\$ 4,950,000	\$ 4,950,000	\$ 108,061	\$ (4,841,939)
Investment income	-	-	3,833	3,833
Total revenues	4,950,000	4,950,000	111,894	(4,838,106)
Expenditures				
Administrative				
Salaries and benefits	51,346	51,346	-	51,346
Congestion management	7,830,933	7,830,933	3,661,005	4,169,928
Total Expenditures	7,882,279	7,882,279	3,661,005	4,221,274
Net change in fund balance	(2,932,279)	(2,932,279)	(3,549,111)	(616,832)
Fund Balance - Beginning	4,762,721	4,762,721	4,762,721	-
Fund Balance - Ending	\$ 1,830,442	\$ 1,830,442	\$ 1,213,610	\$ (616,832)

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - TRANSPORTATION FOR CLEAN AIR FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Project revenue	\$ 1,847,855	\$ 1,847,855	\$ 1,854,559	\$ 6,704
Investment income	-	-	5,077	5,077
Total revenues	1,847,855	1,847,855	1,859,636	11,781
Expenditures				
Administrative				
Salaries and benefits	87,278	87,278	-	87,278
Professional services	4,500	4,500	-	4,500
Congestion management	1,510,079	2,507,165	1,539,808	967,357
Total Expenditures	1,601,857	2,598,943	1,539,808	1,059,135
Net change in fund balance	245,998	(751,088)	319,828	1,070,916
Fund Balance - Beginning	3,387,914	3,387,914	3,387,914	-
Fund Balance - Ending	\$ 3,633,912	\$ 2,636,826	\$ 3,707,742	\$ 1,070,916

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - VEHICLE REGISTRATION FEE FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Vehicle registration fees	\$ 10,729,500	\$ 10,729,500	\$ 12,065,055	\$ 1,335,555
Investment income	-	-	13,311	13,311
Total revenues	10,729,500	10,729,500	12,078,366	1,348,866
Expenditures				
Administrative				
Salaries and benefits	390,280	390,280	315,408	74,872
Professional services	-	-	61,846	(61,846)
Other	128,108	128,108	108,108	20,000
Congestion management	8,535,000	9,045,000	7,028,071	2,016,929
Total Expenditures	9,053,388	9,563,388	7,513,433	2,049,955
Net change in fund balance	1,676,112	1,166,112	4,564,933	3,398,821
Fund Balance - Beginning	5,156,748	5,156,748	5,156,748	-
Fund Balance - Ending	\$ 6,832,860	\$ 6,322,860	\$ 9,721,681	\$ 3,398,821

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

ACTIA SPECIAL REVENUE FUND COMBINING SCHEDULE OF BALANCE SHEETS BY PROGRAM JUNE 30, 2013

	Programming and Programs	Express Bus	Bike and Pedestrian	Passthrough	Transit Oriented Development	Paratransit	Total Special Revenue Subfunds
ASSETS							
Cash and investments	\$ 108,035	\$ 1,981,854	\$ 3,966,276	\$ 5,348,940	\$ 1,327,405	\$ 2,052,069	\$ 14,784,579
Sales tax receivable	58,279	135,529	242,016	10,906,226	36,786	276,867	11,655,703
Interest receivable	-	935	1,852	-	539	951	4,277
Other receivable	-	-	-	-	-	26,187	26,187
Total Assets	\$ 166,314	\$ 2,118,318	\$ 4,210,144	\$ 16,255,166	\$ 1,364,730	\$ 2,356,074	\$ 26,470,746
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ -	\$ 392,210	\$ 213,008	\$ 16,254,900	\$ 11,844	\$ 415,764	\$ 17,287,726
Due to other funds	-	-	7,865	-	9,387	-	17,252
Deferred revenue	-	-	26,935	-	-	7,219	34,154
Total Liabilities	-	392,210	247,808	16,254,900	21,231	422,983	17,339,132
Fund Balances							
Restricted	166,314	1,726,108	3,962,336	266	1,343,499	1,933,091	9,131,614
Total Liabilities and Fund Balances	\$ 166,314	\$ 2,118,318	\$ 4,210,144	\$ 16,255,166	\$ 1,364,730	\$ 2,356,074	\$ 26,470,746

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

ACTIA SPECIAL REVENUE FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES BY PROGRAM FOR THE YEAR ENDED JUNE 30, 2013

	Programming and Programs	Express Bus	Bike and Pedestrian	Passthrough	Transit Oriented Development	Paratransit	Total Special Revenue Subunds
REVENUES							
Sales tax	\$ 346,330	\$ 805,404	\$ 1,438,222	\$ 64,812,051	\$ 218,610	\$ 1,645,326	\$ 69,265,943
Project revenue	-	-	-	-	-	102,943	102,943
Investment income	-	4,108	8,431	-	2,044	4,406	18,989
Other income	-	-	4,102	-	-	20,235	24,337
Total Revenues	346,330	809,512	1,450,755	64,812,051	220,654	1,772,910	69,412,212
EXPENDITURES							
Administrative:							
Salaries and benefits	180,016	-	2,231	-	-	970	183,217
Professional services	-	127,134	437,581	-	41,548	497,089	1,103,352
Other	-	-	4,102	-	-	20,235	24,337
Transportation improvements:							
Public transit	-	894,206	-	34,793,474	-	1,496,033	37,183,713
Local transportation	-	-	1,260,919	30,018,576	(241,260)	-	31,038,235
Total Expenditures	180,016	1,021,340	1,704,833	64,812,050	(199,712)	2,014,327	69,532,854
NET CHANGE IN FUND BALANCES							
	166,314	(211,828)	(254,078)	1	420,366	(241,417)	(120,642)
Fund Balances - Beginning	-	1,937,936	4,216,414	265	923,133	2,174,508	9,252,256
Fund Balances - Ending	\$ 166,314	\$ 1,726,108	\$ 3,962,336	\$ 266	\$ 1,343,499	\$ 1,933,091	\$ 9,131,614

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

NOTE 1 - PURPOSE OF SCHEDULES

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

A schedule of revenues, expenditures and change in fund balances comparing budgeted and actual results is presented for each capital projects major fund and all nonmajor funds included in this financial report.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Alameda CTC and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Schedule of the General Fund Combining Balance Sheets and Combining Schedule of Revenues, Expenditures, and Change in Fund Balances

The Schedule of the General Fund Combining Balance Sheet and Combining Schedule of Revenues, Expenditures, and Change in Fund Balances is included to provide information regarding the breakout of activity between the former ACTIA and ACCMA general funds.

Nonmajor Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Change in Fund Balances

The Nonmajor Funds Combining Balance Sheets and the Nonmajor Funds Combining Statement of Revenues, Expenditures and Change in Fund Balances are included to provide information regarding the individual funds that have been included in the Nonmajor Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Change in Fund Balances which include the Exchange Fund, the Transportation for Clean Air Fund and the Vehicle Registration Fee Fund.

ACTIA Combining Schedule of the Balance Sheets and the Combining Schedule of Revenues, Expenditures, and Change in Fund Balances of the Special Revenue Fund by Project or Program

The Combining Schedule of the Balance Sheets and the Combining Schedule of Revenues, Expenditures, and Change in Fund Balances of the ACTIA Special Revenue Fund by Program, is included to provide information regarding the individual subfunds that have been included in the ACTIA Special Revenue Fund column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Change in Fund Balances.

STATISTICAL SECTION

Statistical Section

This section of the comprehensive annual financial report presents detailed information about the Alameda County Transportation Commission's financial results, major revenues sources, demographic statistics, and operating activities and will help the reader understand how Alameda CTC's financial performance and financial condition have changed over time.

<u>CONTENT</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how Alameda CTC's financial performance changed over time.	65
Revenue Capacity These schedules contain information to help the reader assess Alameda CTC's primary local revenue source, sales tax.	69
Demographic and Economic Information These schedules contain demographic and economic indicators to assist the reader in understanding the environment within which Alameda CTC's financial activities take place.	72
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in Alameda CTC's financial report relates to the services it provides and the activities it performs.	73

* Debt Capacity is not applicable because Alameda CTC does not have debt.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FINANCIAL TRENDS – NET POSITION BY COMPONENT JUNE 30, 2013 AND JUNE 30, 2012

	Fiscal Year Ending June 30,	
	2013	2012
Governmental Activities:		
Net investment in capital assets	\$ 50,632	\$ 110,699
Restricted		
ACTIA special revenue	9,131,614	9,252,256
Capital projects	175,060,226	200,229,225
Transportation for clean air	3,707,742	3,387,914
Vehicle registration fee	9,721,681	5,156,748
Unrestricted	21,571,596	23,056,207
Total Governmental Activities Net Position	<u>\$ 219,243,491</u>	<u>\$ 241,193,049</u>

Note: Alameda CTC is a Joint Powers Agency (JPA) established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the JPA a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FINANCIAL TRENDS – CHANGES IN NET POSITION FISCAL YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

EXPENSES	Fiscal Year Ending June 30:	
	2013	2012
Governmental activities:		
Administration	\$ 11,981,445	\$ 11,338,750
Transportation improvement	131,266,274	135,067,898
Congestion management	37,720,724	46,101,090
Total Expenses	180,968,443	192,507,738
REVENUES		
Program revenues:		
Operating grants and contributions	17,112,291	22,634,296
Capital grants and contributions	19,051,245	32,521,003
Total revenues	36,163,536	55,155,299
Net (Expense) / Revenue	(144,804,907)	(137,352,439)
GENERAL REVENUES		
Governmental activities:		
Sales tax	121,084,780	112,568,093
Member agency fees	1,394,818	1,315,867
Interest and investment earnings	172,499	956,225
Other revenue	203,252	412,178
Total general revenues	122,855,349	115,252,363
Governmental Activities Change in Net Position	\$ (21,949,558)	\$ (22,100,076)

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012.

Due to the formation of the Alameda CTC a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FINANCIAL TRENDS – FUND BALANCES, GOVERNMENTAL FUNDS JUNE 30, 2013 AND JUNE 30, 2012

	Fiscal Year Ending June 30:	
	2013	2012
General Fund		
Unassigned	\$ 20,357,986	\$ 18,321,401
Total General Fund	<u>20,357,986</u>	<u>18,321,401</u>
All Other Governmental Funds		
Restricted		
ACTIA special revenue	9,131,614	9,252,256
Capital projects	175,060,226	200,229,225
Transportation for clean air	3,707,742	3,387,914
Vehicle registration fee	9,721,681	5,156,748
Assigned, reported in:		
Exchange fund	<u>1,213,610</u>	<u>4,762,721</u>
Total All Other Governmental Funds	<u>\$ 198,834,873</u>	<u>\$ 222,788,864</u>

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the Alameda CTC a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FINANCIAL TRENDS – CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

	Fiscal Year Ending June 30:	
	2013	2012
REVENUES		
Sales tax	\$ 121,084,780	\$ 112,568,093
Project revenue	24,098,481	52,913,173
Member agency fees	1,394,818	1,315,867
Vehicle registration fees	12,065,055	12,242,126
Investment income	172,499	956,225
Other income	203,252	412,178
Total Revenues	159,018,885	180,407,662
EXPENDITURES		
Administrative		
Salaries and benefits	4,271,217	4,191,318
Office rent	903,841	912,888
Professional services	2,923,255	2,528,606
Planning and programming	1,561,829	2,484,552
Other	2,289,151	1,184,867
Transportation improvements		
Highways and streets	27,720,363	39,801,038
Public transit	72,041,838	91,981,235
Local transportation	31,504,073	36,777,134
Congestion management	37,720,724	46,101,090
Total Expenditures	180,936,291	225,962,728
NET CHANGE IN FUND BALANCES	\$ (21,917,406)	\$ (45,555,066)

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the Alameda CTC a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

ALAMEDA COUNTY TRANSPORTATION COMMISSION

REVENUE CAPACITY– SALES TAX LAST TEN FISCAL YEARS

Fiscal Year Ended	Alameda CTC Sales Tax	Sales Tax	Annual	Total Taxable
June 30:	Rate ¹	Revenue	Growth	Sales in Alameda County ²
2013	0.5%	\$ 121,084,780	7.57%	\$ 24,216,956,000
2012	0.5%	112,568,093	6.81%	22,513,618,600
2011	0.5%	105,393,813	11.58%	21,078,762,600
2010	0.5%	94,453,574	-6.77%	18,890,714,800
2009	0.5%	101,317,661	-12.86%	20,263,532,200
2008	0.5%	116,267,321	2.23%	23,253,464,200
2007	0.5%	113,726,121	3.07%	22,745,224,200
2006	0.5%	110,339,552	9.10%	22,067,910,400
2005	0.5%	101,134,874	2.10%	20,226,974,800
2004	0.5%	99,054,892		19,810,978,400

¹ In 2000, Alameda County voters approved Measure B, the half-cent transportation sales tax.

² Taxable sales were calculated based on the Alameda CTC's sale tax revenues divided by half of a percent.

Source: These amounts were derived from the prior years financial statements of Alameda CTC or its predecessors

ALAMEDA COUNTY TRANSPORTATION COMMISSION

REVENUE CAPACITY– PRINCIPAL SALES TAX PAYERS BY SEGMENT FOR THE COUNTY OF ALAMEDA FISCAL YEARS 2011 AND 2004

Principal Revenue Payers	Rank	2011 ¹	
		Total Taxable Sales in Alameda County (in thousands)	Percentage of Taxable Sales
All Other Outlets	1	\$ 8,911,043	38.03%
Motor Vehicle and Parts Dealers	2	2,405,412	10.27%
Gasoline Stations	3	2,135,182	9.11%
Food Services and Drinking Places	4	2,121,065	9.05%
General Merchandise Stores	5	1,810,195	7.73%
Bldg. Matrl. and Garden Equip. and Supplies	6	1,153,236	4.92%
Clothing and Clothing Accessories Stores	7	995,486	4.25%
Miscellaneous Store Retailers	8	955,440	4.08%
Food and Beverage Stores	9	928,190	3.96%
Electronics and Appliance Stores	10	583,234	2.49%
Sporting Goods, Hobby, Book, and Music Stores	11	484,909	2.07%
Furniture and Home Furnishing Stores	12	438,369	1.87%
Health and Personal Care Stores	13	434,353	1.85%
Nonstore Retailers	14	74,685	0.32%
		<u>\$ 23,430,799</u>	

Principal Revenue Payers	Rank	2004	
		Total Taxable Sales in Alameda County (in thousands)	Percentage of Taxable Sales
All Other Outlets	1	\$ 7,509,973	32.66%
Automotive Group	2	4,233,998	18.41%
Specialty Stores Group	3	2,272,171	9.88%
General Merchandise Group	4	1,989,603	8.65%
Eating and Drinking Group	5	1,621,608	7.05%
Building Material Group	6	1,508,037	6.56%
Business and Personal Services	7	1,142,550	4.97%
Household Group	8	808,098	3.51%
Food Stores Group	9	732,950	3.19%
All Other Retail Stores Group	10	610,664	2.66%
Apparel Stores Group	11	566,713	2.46%
		<u>\$ 22,996,365</u>	

¹ 2011 is the latest information available.

Source: State Board of Equalization, <http://www.boe.ca.gov/news/tsalescont.htm>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

REVENUE CAPACITY– VEHICLE REGISTRATION FEE LAST TWO FISCAL YEARS

Fiscal Year Ended	Vehicle	Total	Annual	Vehicles
June 30:	Registration Fee	Revenue	Growth ¹	Registered in Alameda County
2013	\$ 9.995	\$ 12,065,052	-1.45%	1,207,109
2012	9.995	12,242,127	582.26%	1,224,825
2011	9.995	1,794,343		²

¹ Measure F Alameda County Vehicle Registration Fee (VRF) Program was approved by the voters in November 2010.
The collection of the \$10 per year vehicle registration fee began in May 2011.
The California Department of Motor Vehicles collects a 0.05% Admin Fee.

² Information is unavailable that corresponds to the collections for May 2011 - June 2011.

Source: These amounts were derived from the prior years financial statements of Alameda CTC or its predecessors.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

DEMOGRAPHIC AND ECONOMIC INFORMATION – STATISTICS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30:	Population ²	Total Personal Income (in thousands) ²	Per Capita Personal Income ²	Unemployment Rate ³
2013	1,540,790	- ¹	- ¹	7.4%
2012	1,526,220	- ¹	- ¹	9.4%
2011	1,529,875	75,908,145	49,617	10.7%
2010	1,513,043	72,024,822	47,603	11.4%
2009	1,498,539	69,438,854	46,338	11.1%
2008	1,477,208	74,305,916	50,302	6.1%
2007	1,455,715	71,893,560	49,387	4.8%
2006	1,444,484	68,719,715	47,574	4.6%
2005	1,441,545	63,757,262	44,228	5.3%
2004	1,445,721	61,106,278	42,267	6.1%

¹ Data not yet published for fiscal years 2012 and 2013.

² Data for 2004-2011 obtained from U.S. Department of Commerce, Bureau of Economic Analysis.

2012-2013 Data not available from the U.S. Department of Commerce.

2012-2013 Population obtained from Department of Finance, 2013 data indicated as preliminary.

³ Source: State of California Employment Development Department.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

DEMOGRAPHIC AND ECONOMIC INFORMATION – TOP TEN PRINCIPAL EMPLOYERS IN ALAMEDA COUNTY CURRENT YEAR AND TEN PRIOR YEARS

		Fiscal Year Ending June 30:		
		2013 ¹		
Employer	Type of Business	Rank	Number of Employees	Percentage of Employment
University of California, Berkeley	Education	1	13,326	1.84%
Kaiser Permanente	Health/Medical	2	10,914	1.51%
County of Alameda	Local Government	3	8,055	1.11%
Safeway, Inc.	Food	4	7,599	1.05%
Oakland Unified School District	Local Government	5	7,200	0.99%
Lawrence Livermore Lab	Energy Development and Conservation	6	7,000	0.97%
Lawrence Berkeley Lab	Energy Development and Conservation	7	6,000	0.83%
U.S. Postal Service	Postal Service	8	4,788	0.66%
City of Oakland	Local Government	9	4,047	0.56%
Edy's Grand Ice Cream	Food	10	3,700	0.51%
			72,629	

		Fiscal Year Ending June 30:		
		2003 ²		
Employer	Type of Business	Rank	Number of Employees	Percentage of Employment
University of California, Berkeley	Education	1	21,035	3.00%
Kaiser Permanente	Health/Medical	2	19,862	2.83%
State of California	State Government	4	7,600	1.08%
Safeway Inc.	Food	5	7,196	1.02%
County of Alameda	Local Government	3	8,939	1.27%
Lawrence Livermore Lab	Energy Development and Conservation	8	5,725	0.82%
United States Postal Service	Postal Service	7	6,000	0.85%
Wells Fargo Bank	Financial Services	12	4,659	0.66%
City of Oakland	Local Government	13	4,248	0.60%
Alta Bates Summit Medical Center	Hospitals	10	5,000	0.71%
			90,264	

Note: Data pertaining to principal employers for 2004 is not available.

¹ Source: East Bay EDA, total employment of 724,240 is used to calculate the percentage of employment.

² Source County of Alameda CAFR: The number of employees, except for County of Alameda and City of Oakland, include Alameda County and Contra Costa County employees. Total employment within County of Alameda is unavailable.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

OPERATING INFORMATION – EMPLOYEES LAST TWO FISCAL YEARS

Function	Fiscal Year Ending June 30:	
	2013	2012
Executive	1.00	1.00
Administration	5.00	6.00
Finance	7.00	7.00
Policy, Public Affairs and Legislation	2.00	2.00
Planning	4.00	3.00
Program and Projects	6.00	5.00
Total Employees	25.00	24.00

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the formation of the Alameda CTC a 10 year trend analysis is not available.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

OPERATING INFORMATION – PROGRAM REVENUES LAST TWO FISCAL YEARS

	Fiscal Year Ending June 30:	
	2013	2012
Federal Revenue	\$ 5,774,570	\$ 3,195,946
State Revenue	12,007,467	24,707,698
Regional Measure Revenue	3,049,072	4,356,559
Local Revenue	15,332,427	22,895,096
	<u>\$ 36,163,536</u>	<u>\$ 55,155,299</u>

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the Alameda CTC a 10 year trend analysis is not available.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

OPERATING INFORMATION – CAPITAL ASSETS LAST TWO FISCAL YEARS

	Fiscal Year Ending June 30:	
	2013	2012
Capital assets, being depreciated		
Furniture and Fixtures	\$ 103,384	\$ 103,384
Office Equipment	513,121	573,437
Leasehold Improvements	385,281	385,281
Total capital assets, being depreciated	1,001,786	1,062,102
Less accumulated depreciation		
Furniture and Fixtures	(103,383)	(95,558)
Office Equipment	(469,213)	(514,800)
Leasehold Improvements	(378,558)	(341,045)
Total accumulated depreciation	(951,154)	(951,403)
Total Capital Assets, Net	<u>\$ 50,632</u>	<u>\$ 110,699</u>

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the formation of the Alameda CTC a 10 year trend analysis is not available.

INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
Alameda County Transportation Commission
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda County Transportation Commission (Alameda CTC) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Alameda CTC's basic financial statements, and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alameda CTC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alameda CTC's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alameda CTC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alameda CTC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds allocated to and received by Alameda CTC were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act as required by Section 6667 of Title 21 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alameda CTC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
December 5, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board
Alameda County Transportation Commission
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited the Alameda County Transportation Commission's (Alameda CTC) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Alameda CTC's major Federal program for the year ended June 30, 2013. The major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Alameda CTC's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of Alameda CTC's compliance.

Opinion on the Major Federal Program

In our opinion, Alameda CTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Alameda CTC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alameda CTC's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alameda CTC internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinck, Trine, Day & Co. LLP

Palo Alto, California
December 5, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>None</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>None</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>None</u>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205 (Includes ARRA)</u>	<u>ARRA - Highway Planning and Construction</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

APPENDIX B

COUNTY OF ALAMEDA DEMOGRAPHIC AND ECONOMIC INFORMATION

Set forth below is certain demographic and economic information with respect to the County of Alameda, California (the “County”). Such information is provided as general information and has been obtained from sources that Alameda CTC believes to be reliable, but Alameda CTC makes no representation as to the accuracy or completeness of the information included.

The County was established on March 25, 1853. Located on the east side of the San Francisco Bay, the County extends from the cities of Albany and Berkeley in the north to the city of Fremont in the south. The County covers 813 square miles and contains 14 incorporated cities. The County is the seventh most populous county in the State, with a population of 1,548,681 as of January 1, 2013. The county seat is located in the City of Oakland.

Population

According to the 2010 Census taken by the United States Census Bureau, the County’s population was 1,510,271, representing a 4.6% increase since the 2000 Census or a simple annual average of 0.46%. According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 1,548,681 as of January 1, 2013, reflecting a 1.21% increase over the prior year.

The following table sets forth the estimated population of the County, the State of California and the United States for the years 1990 to 2013. The County’s population increased by 289,081, or approximately 18.4%, over this period.

**COUNTY OF ALAMEDA, STATE OF CALIFORNIA AND
THE UNITED STATES POPULATION
1990 THROUGH 2013**

<u>Year</u>	<u>County of Alameda</u>⁽¹⁾	<u>State of California</u>⁽¹⁾	<u>United States</u>⁽²⁾
1990	1,276,100	29,828,496	249,464,396
1991	1,293,363	30,458,613	252,153,092
1992	1,312,023	30,987,384	255,029,699
1993	1,324,224	31,314,189	257,782,608
1994	1,330,821	31,523,690	260,327,021
1995	1,335,230	31,711,849	262,803,276
1996	1,345,787	31,962,949	265,228,572
1997	1,376,952	32,452,789	267,783,607
1998	1,401,090	32,862,965	270,248,003
1999	1,423,529	33,418,578	272,690,813
2000	1,448,768	34,000,835	282,162,411
2001	1,465,564	34,512,742	284,968,955
2002	1,468,468	34,938,290	287,625,193
2003	1,467,187	35,388,928	290,107,933
2004	1,465,540	35,752,765	292,805,298
2005	1,459,882	35,985,582	295,516,599
2006	1,464,839	36,246,822	298,379,912
2007	1,476,401	36,552,529	301,231,207
2008	1,491,781	36,856,222	304,093,966
2009	1,503,827	37,077,204	306,771,529
2010	1,513,493	37,318,481	309,326,225
2011	1,526,294	37,570,112	311,587,816
2012	1,539,357	37,872,431	313,914,040
2013	1,565,181	38,204,597	315,957,951

⁽¹⁾ Source: State of California Department of Finance, Demographic Research Unit. Reflects population estimates as of July 1.

⁽²⁾ Source: U.S. Census Bureau. Reflects population estimates as of July 1, except 2013, which reflects population estimate as of October 1.

Personal Income

The following table sets forth a summary of the total personal income and per capita personal income for the County and the State of California for the calendar years 2003 through 2012.

COUNTY OF ALAMEDA AND STATE OF CALIFORNIA TOTAL PERSONAL INCOME AND PER CAPITA INCOME 2003 THROUGH 2012⁽¹⁾

<u>Year</u>	<u>Area</u>	<u>Total Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u> ⁽²⁾
2003	County	\$ 59,180,286	\$40,697
	State	1,244,351,244	35,298
2004	County	61,913,092	42,825
	State	1,321,608,538	37,150
2005	County	64,547,920	44,777
	State	1,396,173,422	38,696
2006	County	69,413,342	48,054
	State	1,499,451,517	41,627
2007	County	72,269,758	49,646
	State	1,564,440,661	43,157
2008	County	73,944,674	50,057
	State	1,596,281,897	43,609
2009	County	70,463,233	47,012
	State	1,536,429,610	41,569
2010	County	72,870,527	48,144
	State	1,579,148,473	42,297
2011	County	78,550,471	51,286
	State	1,683,203,700	44,666
2012	County	85,017,099	54,683
	State	1,768,039,281	46,477

⁽¹⁾ No information is currently available for the County after 2012

⁽²⁾ Per capita personal income is total personal income divided by Census Bureau midyear population estimates, which differ from the population estimates shown above in the preceding table.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Industry and Employment

The following table sets forth a comparison of labor force, employment and unemployment for the County, the State of California and the United States for the years 2008 through 2012. For the month ending November 30, 2013, the County's unadjusted unemployment rate was 6.8% (52,200 persons), the State's unadjusted unemployment rate was 8.3% (1,538,400 persons), and the United States' unadjusted unemployment rate was 7.0% (10,890,000 persons).

COUNTY OF ALAMEDA, STATE OF CALIFORNIA AND UNITED STATES ANNUAL AVERAGE LABOR FORCE AND INDUSTRY EMPLOYMENT 2008 THROUGH 2012⁽¹⁾

<u>Year</u>	<u>Area</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2008	County	757,600	710,900	46,700	6.2%
	California	18,207,300	16,893,900	1,313,500	7.2
	United States	154,287,000	145,362,000	8,924,000	5.8
2009	County	761,000	681,200	79,800	10.5
	California	18,207,300	16,151,100	2,064,600	11.3
	United States	154,142,000	139,877,000	14,265,000	9.3
2010	County	761,300	675,500	85,700	11.3
	California	18,330,500	16,063,500	2,267,000	12.4
	United States	153,889,000	139,064,000	14,825,000	9.6
2011	County	760,900	682,000	78,900	10.4
	California	18,404,500	16,237,300	2,167,200	11.8
	United States	153,617,000	139,869,000	13,747,000	8.9
2012	County	775,900	705,900	70,000	9.0
	California	18,494,900	16,560,300	1,934,500	10.5
	United States	154,975,000	142,469,000	12,506,000	8.1

⁽¹⁾ All data presented as annual averages.

Source: For State and County information, State of California Employment Development Department, California Labor Market Information Division. For the U.S. information, U.S. Department of Labor, Bureau of Labor Statistics.

The County possesses a diverse economic base featuring a wide range of manufacturing industries (consisting of transportation, equipment, computer, food processing, fabricated metal products, non-electrical machinery, and stone-clay-glass products). The County has one of the most diversified manufacturing sectors in Northern California. The County's fastest growing industrial sector is services, which in 2012 accounted for 43.9% of total employment. The Port of Oakland ranks among the top five in the nation and top 20 in the world in terms of annual container traffic and is a major economic engine in the Bay Area.

The County has become one of the leading research centers in the country with research activities at the University of California Berkeley, Lawrence Berkeley National Laboratory, and Lawrence Livermore National Laboratory. Many private biotechnology firms have located near these research centers.

Major private sector employers in the County include Novartis, Safeway and Tesla Motors.

The following table sets forth employment by selected industry groups in the County for calendar years 2008 through 2012:

**COUNTY OF ALAMEDA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY GROUP⁽¹⁾
2008 THROUGH 2012**

<u>Industry Group</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Trade, Transportation and Utilities	131,800	121,700	117,600	118,900	121,900
Government	124,600	121,200	116,100	116,000	114,800
Professional and Business Services	112,900	102,800	107,500	111,400	116,900
Educational and Health Services	83,000	89,500	88,700	87,900	90,600
Manufacturing	72,300	64,100	61,400	63,100	62,900
Leisure and Hospitality	56,300	53,900	54,500	56,000	58,300
Financial Activities	30,600	22,400	22,900	23,000	23,200
Other Services	23,700	22,900	23,200	23,300	23,700
Information	16,100	14,900	14,000	13,600	13,600

⁽¹⁾ Industry employment is by place of work and excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

Source: State of California Employment Development Department.

The following table sets forth the ten largest employers in the East Bay area, which includes Alameda County and Contra Costa County, and their respective annual average number of employees as of May 2013. These ten employers collectively account for approximately 10.0% of total East Bay employment.

**EAST BAY PRINCIPAL EMPLOYERS⁽¹⁾
AS OF MAY 2013**

<u>Rank</u>	<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees⁽²⁾</u>
1	University of California, Berkeley	Education	13,326
2	Kaiser Permanente/Foundation Hospitals	Health and Medical	10,914
3	County of Alameda	Local Government	8,055
4	Safeway Inc.	Food	7,599
5	Oakland Unified School District	Education	7,200
6	Lawrence Livermore National Laboratory	Energy Development and Conservation	7,000
7	Lawrence Berkeley National Laboratory	Scientific Research	6,000
8	United States Postal Service	Postal Service	4,788
9	City of Oakland	Local Government	4,047
10	Edy's Grand Ice Cream	Food	<u>3,700</u>
	Total		<u>72,629</u>

⁽¹⁾ Reflects employment information aggregated from the following sources: National Establishment Time Series, Dunn & Bradstreet and ZoomInfo.

⁽²⁾ The number of employees shown includes all employees of the employer in the East Bay area. The East Bay area consists of Alameda and Contra Costa Counties.

Source: EconoVue, May 2013.

Commercial Activity

Commercial activity is an important part of the County's economy. As a result of a change in business categories by the State Board of Equalization, data for calendar years 2007 and 2008 are presented separately from calendar years 2009 through 2011 and the first three quarters of 2012.

TAXABLE TRANSACTIONS 2007 and 2008 (in thousands)

	<u>2007</u>	<u>2008</u>
Apparel Stores	\$ 666,247	\$ 747,645
General Merchandise Stores	2,929,279	2,126,734
Food Stores	801,916	780,311
Eating and Drinking Places	1,953,544	1,989,406
Home Furnishings and Appliances	811,390	823,075
Building Materials Group	1,504,738	1,309,455
Automotive Group	2,912,074	2,329,408
Service Stations	1,831,042	2,030,681
Other Retail Stores	<u>2,891,710</u>	<u>2,411,035</u>
Total Retail Outlets	\$16,301,940	\$14,547,749
Business and Personal Services	1,068,985	959,945
All Other Outlets	<u>9,097,215</u>	<u>8,355,262</u>
Total All Outlets ⁽¹⁾	<u>\$26,468,140</u>	<u>\$23,862,957</u>

⁽¹⁾ Totals may not add due to rounding.

Source: State Board of Equalization, Research and Statistics Division.

The following table shows the County's taxable transactions for calendar year 2009 through 2011. As noted above, the business categories for taxable transactions changed in 2009 to the categories listed below. Annual figures are not yet available for 2012.

**COUNTY OF ALAMEDA
TAXABLE TRANSACTIONS
2009, 2010 and 2011
(in thousands)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Motor Vehicle and Parts Dealers	\$ 1,949,009	\$ 2,183,709	\$ 2,405,412
Furniture and Home Furnishings Stores	410,092	412,979	438,369
Electronics and Appliance Stores	571,854	575,374	583,234
Building Material and Garden Equip. and Supplies	1,085,191	1,091,857	1,153,236
Food and Beverage Stores	866,117	884,033	928,190
Health and Personal Care Stores	415,203	419,672	434,353
Gasoline Stations	1,491,427	1,716,376	2,135,182
Clothing and Clothing Accessories Stores	878,290	926,611	995,486
Sporting Goods, Hobby, Book, and Music Stores	502,870	489,954	484,909
General Merchandise Stores	1,629,370	1,710,291	1,810,195
Miscellaneous Store Retailers	845,915	900,038	955,440
Nonstore Retailers	70,906	68,868	74,685
Food Services and Drinking Places	<u>1,925,171</u>	<u>1,994,522</u>	<u>2,121,065</u>
Total Retail and Food Services	\$12,641,415	\$13,374,283	\$14,519,756
All Other Outlets	<u>7,788,780</u>	<u>8,167,458</u>	<u>8,911,043</u>
Total All Outlets ⁽¹⁾	<u>\$20,430,195</u>	<u>\$21,541,741</u>	<u>\$23,430,799</u>

⁽¹⁾ Totals may not add due to rounding.

Source: State Board of Equalization, Research and Statistics Division.

The following table shows the County's taxable transactions for the first three calendar quarters of 2012. Annual figures for 2012 taxable transactions are not yet available.

**COUNTY OF ALAMEDA
TAXABLE TRANSACTIONS
First, Second and Third Quarters 2012
(in thousands)**

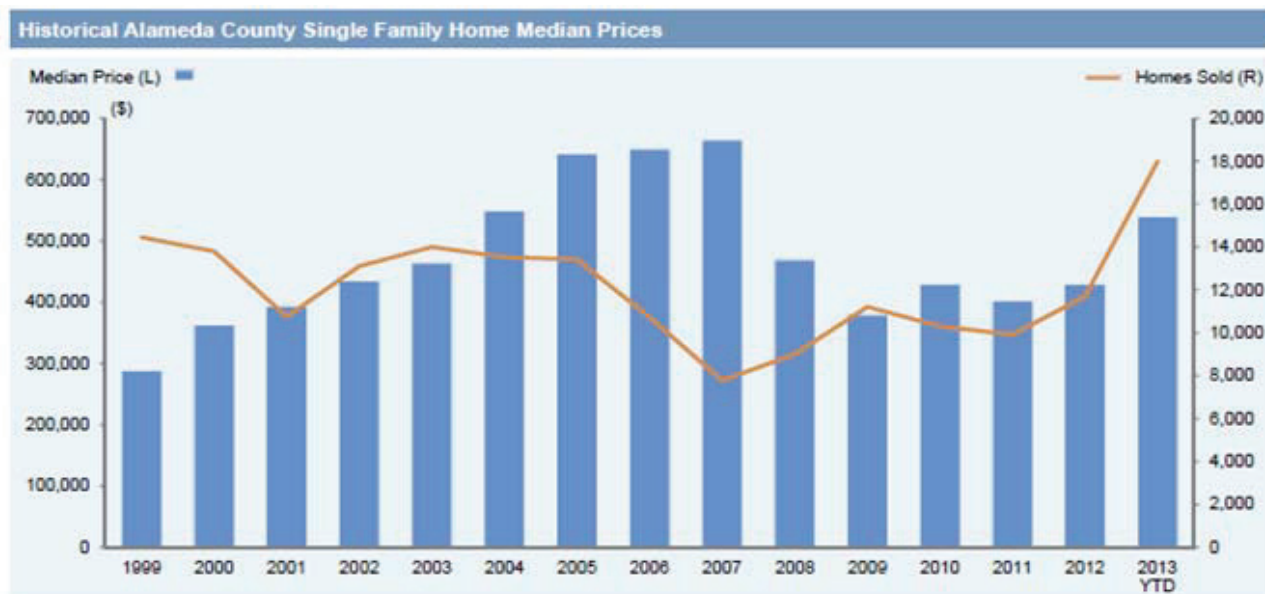
	First Quarter <u>2012</u>	Second Quarter <u>2012</u>	Third Quarter <u>2012</u>
Motor Vehicle and Parts Dealers	\$ 656,559	\$ 707,723	\$ 738,198
Furniture and Home Furnishings Stores	108,714	111,403	130,653
Electronics and Appliance Stores	154,593	151,238	139,811
Building Material and Garden Equipment and Supplies	272,640	321,743	330,355
Food and Beverage Stores	226,044	241,921	244,548
Health and Personal Care Stores	107,759	110,186	104,004
Gasoline Stations	555,553	597,131	579,063
Clothing and Clothing Accessories Stores	228,682	245,122	248,722
Sporting Goods, Hobby, Book, and Music Stores	111,001	112,595	126,859
General Merchandise Stores	402,831	437,222	450,370
Miscellaneous Store Retailers	232,927	243,035	247,106
Nonstore Retailers	16,918	20,433	22,739
Food Services and Drinking Places	<u>552,062</u>	<u>582,973</u>	<u>585,508</u>
Total Retail and Food Services	\$3,626,282	\$3,882,726	\$3,947,936
All Other Outlets	<u>\$2,191,368</u>	<u>\$2,394,606</u>	<u>\$2,412,853</u>
Total All Outlets ⁽¹⁾	<u>\$5,817,650</u>	<u>\$6,277,332</u>	<u>\$6,360,790</u>

⁽¹⁾ Totals may not add due to rounding.

Source: State Board of Equalization, Research and Statistics Division.

Local Housing Market

The County's housing market is growing, with a number of indicators pointing toward continued improvement. According to The Real Estate Market Trends Report for May 2013, single family median housing prices have increased in each of the last two years. In addition, the County's median home price rose by \$165,000 for the period of May 2012 to May 2013, reaching a median price of \$540,000. As reported by East Bay Economic Development Alliance in its East Bay Economic Outlook report for May 2013, growth in the number of existing home sales has been hampered by a less than two-month supply of available homes, the lowest supply since mid-2005. The County's historical single family home median price for the last fifteen years is presented in the following table:



Sources: Data Quick Information Systems and The Real Estate Market Trends Report, May 2013.

Building and Real Estate Activity

The following tables set forth five-year summaries of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) for the years 2008 through 2012. Amounts are rounded to the nearest dollar.

COUNTY OF ALAMEDA BUILDING PERMIT VALUATIONS (in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
RESIDENTIAL					
New Single-Family	\$ 238,743	\$ 227,983	\$ 276,661	\$ 269,313	\$ 372,939
New Multi-Family	201,122	96,518	157,460	249,684	343,670
Alterations & Adjustments	<u>28,782</u>	<u>229,873</u>	<u>243,290</u>	<u>243,208</u>	<u>235,265</u>
Total Residential	\$ 468,647	\$ 554,374	\$ 677,411	\$ 762,205	\$ 951,874
NON-RESIDENTIAL					
New Commercial	\$ 197,181	\$ 72,056	\$ 14,689	\$ 178,690	\$ 20,749
New Industrial	60,200	89,535	82,476	17,486	29,808
New Other ⁽¹⁾	95,641	45,100	69,060	151,043	60,613
Alterations & Adjustments	<u>457,413</u>	<u>391,296</u>	<u>398,431</u>	<u>392,164</u>	<u>352,261</u>
Total Nonresidential	\$ 810,435	\$ 597,987	\$ 564,656	\$ 739,383	\$ 463,431
TOTAL ALL BUILDING	<u>\$ 1,279,082</u>	<u>\$1,152,361</u>	<u>\$1,242,067</u>	<u>\$1,501,588</u>	<u>\$1,415,305</u>

Source: Construction Industry Research Board for years 2008 and 2009; California Homebuilding Foundation/Construction Industry Research Board for years 2010, 2011 and 2012.

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, and public works and utilities buildings.

COUNTY OF ALAMEDA NUMBER OF NEW DWELLING UNITS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Single Family	761	802	907	817	1,119
Multi-Family	<u>1,296</u>	<u>536</u>	<u>936</u>	<u>1,352</u>	<u>1,508</u>
TOTAL	2,057	1,338	1,843	2,169	2,627

Source: Construction Industry Research Board for years 2008 and 2009; California Homebuilding Foundation/Construction Industry Research Board for years, 2010, 2011 and 2012.

Transportation

Surface and air transportation facilities serve County residents and businesses. Transbay bridges include the San Francisco-Oakland Bay Bridge, which extends Interstate 80 into San Francisco; the Richmond-San Rafael Bridge, leading into Marin County and northern areas; and the Hayward-San Mateo and Dumbarton Bridges connecting East Bay points with San Mateo and Palo Alto on the San Francisco Peninsula.

The Southern Pacific and Union Pacific Railroads, which were recently merged, operate rail terminal facilities in Oakland. Atcheson, Topeka, and Santa Fe Railway serves the East Bay from its Richmond switching yards. Amtrak provides passenger service through its Oakland and Emeryville stations to Southern California, Sacramento, and other destinations.

Local motor coach transportation is provided by AC Transit, which serves East Bay cities and continues into San Francisco via the Bay Bridge. Other bus service is available through the Central Contra Costa Transit District, the Livermore Transit Corporation and Greyhound bus lines. San Mateo County Transit District provides bus service between Hayward and the San Francisco Peninsula across the Hayward-San Mateo Bridge. Bay Area Rapid Transit (“BART”), a high-speed rail transit system, services the County, in addition to the counties of Contra Costa and San Francisco. Currently, BART stretches from San Francisco International Airport and Millbrae on the San Francisco Peninsula, through Oakland, to Richmond in the north, Pittsburg in the northeast, Fremont in the south, and Dublin/Pleasanton in the southeast.

The Oakland International Airport (the “Airport”) is located in the City of Oakland, about 6.5 miles southeast of downtown Oakland. The Airport is 2,600 acres, including 327 acres of wetlands under jurisdiction of the U.S. Army Corps of Engineers. Currently, the Airport has 32 boarding gates at two terminals, eight domestic and three international scheduled passenger airlines, with Southwest Airlines being the largest. The Airport is ranked among the top 20 airports in the U.S. by amount of air cargo handled, and is serviced by three major cargo carriers.

Education

Eighteen independent school districts provide educational programs for elementary and secondary public school children in the County. Thirteen of the County’s school districts also operate adult education programs.

There are three community college districts in the County with students at seven campuses. The County also operates four Regional Occupation Programs providing technical job training for high school students and adults.

Among the institutions of higher education offering bachelors and graduate programs in the County are the University of California at Berkeley, California State University East Bay, Graduate Theological Union, Holy Names University and Mills College.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture, dated as of February 1, 2014, between the Alameda County Transportation Commission (the "Alameda CTC") and Union Bank, N.A., as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of February 1, 2014 (the "First Supplemental Indenture") (hereinafter collectively referred to as the "Indenture"), between the Alameda CTC and the Trustee. Such summary is not intended to be complete or definitive, is supplemental to the summary of other provisions of the Indenture contained elsewhere in this Official Statement, and is qualified in its entirety by reference to the full terms of the Indenture. All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in the Indenture.

Definitions

Accreted Value means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value at any date shall be the amounts set forth in the Accreted Value Table as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date. In the event that Capital Appreciation Bonds are issued, as and to the extent applicable, references to "principal of" set forth in the Indenture shall be read as references to "Accreted Value of."

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

Act means the Local Transportation Authority and Improvement Act, Division 19 (Section 180000 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time be amended or supplemented.

ACTIA means the Alameda County Transportation Improvement Authority.

Alameda CTC means the Alameda County Transportation Commission, a joint exercise of powers authority and public entity organized under the laws of the State, and any successor thereto.

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

Alternate Liquidity Facility means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, issued by a Liquidity Provider, and delivered or made available to the Trustee, as a replacement or substitute for any Liquidity Facility then in effect.

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

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

Auditor-Controller of the Alameda CTC means the Director of Finance of the Alameda CTC.

Authorized Denomination means, with respect to the Series 2014 Bonds, \$5,000 or any integral multiple thereof, and, with respect to any other Series of Bonds shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

Authorized Representative means the Executive Director or the Director of Finance or such other person as may be designated to act on behalf of the Alameda CTC by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Alameda CTC by an Authorized Representative.

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

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

Bond Reserve Fund means any fund by that name established with respect to one or more Series of Bonds pursuant to one or more Supplemental Indentures establishing the terms and provisions of such Series of Bonds. No Bond Reserve Fund is being established in connection with the issuance of the Series 2014 Bonds.

Bond Reserve Requirement with respect to one or more Series of Bonds for which the Alameda CTC shall have established a Bond Reserve Fund shall have the meaning specified in the Supplemental Indenture or Supplemental Indentures establishing the terms and provisions of such Series of Bonds.

Bondholder or **Holder**, whenever used in the Indenture or in this Official Statement with respect to a Bond, means the person in whose name such Bond is registered.

Bonds means the Alameda County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, the Indenture.

Business Day means, except as is otherwise provided in the Supplemental Indenture pursuant to which a Series of Bonds are issued, any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State, the State of New York or the jurisdiction in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed, (2) for purposes of payments and other actions relating to Bonds secured by a Credit Enhancement or supported by a Liquidity Facility, a day upon which commercial banks in the city in which the office of the issuing bank

at which demands for payment under the Credit Enhancement or Liquidity Facility is located, as applicable, are to be presented are authorized or obligated by law or executive order to be closed, (3) a day on which the New York Stock Exchange is closed or (4) a day on which the payment system of the Federal Reserve System is not operational.

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

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

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

Commission means the governing body of the Alameda County Transportation Commission, a joint exercise of powers authority and public entity organized under the laws of the State, and any successor thereto.

Continuing Disclosure Undertaking means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the continuing disclosure agreement or continuing disclosure certificate, as applicable, executed by the Alameda CTC and, as and to the extent applicable, a dissemination agent, as the same may be supplemented, modified or amended in accordance with its terms.

Corporate Trust Office means the corporate trust office of the Trustee at 350 California Street, 11th Floor, San Francisco, California 94104, Attention: Corporate Trust, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, or such other or additional offices as may be designated by the Trustee from time to time.

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

Costs of Issuance Fund means a fund by that name established pursuant to the provisions of a Supplemental Indenture to pay Costs of Issuance with respect to a Series of Bonds being issued pursuant to such Supplemental Indenture. With respect to the Series 2014 Bonds, Costs of Issuance Fund means the Series 2014 Costs of Issuance Fund.

Costs of the Project means all items of expense related to the Project and directly or indirectly payable by or reimbursable to the Alameda CTC in accordance with the Act and the Ordinance.

Counterparty means an entity which has entered into an Interest Rate Swap Agreement with the Alameda CTC.

County means the County of Alameda, California.

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

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

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

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

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

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

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

Obligations shall be calculated based upon such similar index as the Alameda CTC shall designate in writing to the Trustee);

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

(E) with respect to any Obligations bearing interest, or expected to bear interest, at a variable interest rate for which an Interest Rate Swap Agreement is in place providing for a fixed rate of interest to maturity or for a specific term with respect to such Obligations, the interest rate on such Obligations shall be assumed to be the synthetic fixed interest rate specified in such Interest Rate Swap Agreement for such term; provided that if, pursuant to a Certificate of the Alameda CTC filed with the Trustee, the sum of (i) interest payable on such Obligations, plus (ii) amounts payable by the Alameda CTC under such Interest Rate Swap Agreement, less (iii) amounts receivable by the Alameda CTC under such Interest Rate Swap Agreement, is expected to be greater than the interest payable on the Obligations to which such Interest Rate Swap Agreement relates (i.e., if such Interest Rate Swap Agreement is an "off-market" Interest Rate Swap Agreement), then, in such instance, such excess amounts expected to be payable by the Alameda CTC under such Interest Rate Swap Agreement or in connection with such Obligations shall be included in the calculation of Debt Service;

(F) with respect to any Obligations bearing interest, or expected to bear interest, at a fixed interest rate for which an Interest Rate Swap Agreement is in place providing for a net variable interest rate with respect to such Obligations for a specific term, the interest rate on such Obligations shall be assumed to be equal for such term to the sum of (i) the fixed interest rate or rates to be paid on the Obligations, minus (ii) the fixed interest rate receivable by the Alameda CTC under such Interest Rate Swap Agreement, plus (iii) the average interest rate of the index on which the Interest Rate Swap Agreement is based, as identified in a Certificate of the Alameda CTC filed with the Trustee, or, if not based on an identifiable index, then the SIFMA Swap Index, in each case, over the five (5) years preceding the date of calculation or such higher rate as shall be specified in a Certificate of the Alameda CTC filed with the Trustee;

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

(H) principal and interest payments on Obligations shall be excluded to the extent such payments are to be paid from Revenues then held on deposit by the Trustee or from other amounts on deposit, including Investment Securities and interest to be payable thereon, with the Trustee or other fiduciary in escrow specifically therefor and interest payments shall be excluded to the extent that such interest payments are to be paid from the proceeds of Obligations, including Investment Securities and interest to be payable thereon, held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from pledged Subsidy Payments the Alameda CTC expects to receive.

Defeasance Securities means: (i) direct, non-callable obligations of the United States Treasury; (ii) direct non-callable and non-prepayable obligations which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest; (iii) non-callable, non-prepayable coupons from the above securities which are stripped pursuant to United States Treasury programs; (iv) non-callable and non-prepayable refunded bonds that are obligations of the United States of America; (v) Resolution Funding Corporation (REFCORP) bonds and strips; (vi) non-callable, and non-prepayable fixed rate Israel Notes guaranteed as to principal and interest by the United States of America through the United Agency for International Development (provided that, such notes mature at least four (4) Business Days before funds are needed for refunded bond debt service payments); (vii) United States State and Local Government Series securities (SLGS); (viii) the following non-callable, non-prepayable obligations of federal government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration; and (ix) any pre-refunded municipal security that is non-callable or has been irrevocably called for redemption, carries a fixed interest rate and matures or is to be redeemed on a date certain and is secured by an escrow containing securities listed in (i) through (viii) above.

Dissemination Agent means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12(b)(5), the dissemination agent under the Continuing Disclosure Undertaking delivered in connection with such Series of Bonds, or any successor dissemination agent designated in writing by the Alameda CTC and which has entered into a Continuing Disclosure Undertaking with the Alameda CTC.

Event of Default means any of the events of default specified in the Indenture.

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

Expenditure Plan means the 20-Year Transportation Expenditure Plan approved in July 2000 and identified in the Ordinance, as in effect on the date of execution and delivery of the Indenture, and as such Expenditure Plan may be amended from time to time pursuant to its terms.

Fees and Expenses Fund means the fund by that name established pursuant to the Indenture.

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

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

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

Holder or **Bondholder**, whenever used in the Indenture or in this Official Statement with respect to a Bond, means the person in whose name such Bond is registered.

Indenture means the Indenture, dated as of February 1, 2014, between the Trustee and the Alameda CTC, as originally executed or as it may be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions of the Indenture.

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

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

Interest Fund means the fund by that name established pursuant to the Indenture.

Interest Payment Date means, with respect to the Series 2014 Bonds, each March 1 and September 1, commencing September 1, 2014, and with respect to any other Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

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

Investment Securities means the following:

(1) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (3) below to the extent unconditionally guaranteed by the United States of America;

(2) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (1);

(3) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

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

(5) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that, except with respect to direct obligations of the State, at the time of their purchase such obligations are rated at least "A" or higher by either Moody's or Standard & Poor's;

(6) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (1) or (2) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (1) or (2) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (6) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (6), as appropriate, and (d) which have been rated in one of the two highest long-term Rating Categories by Moody's and Standard & Poor's;

(7) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by both Moody's and Standard & Poor's at least "A1/P1" for money market instruments and at least "A" for all other instruments;

(8) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee and its affiliates), provided that such certificates of deposit shall be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, (b) continuously and fully secured by such securities and obligations as are described above in clauses (1) through (5), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking, or (c) be issued by an institution the senior debt obligations of which are rated "AA" or higher by Standard & Poor's or "Aa" or higher by Moody's;

(9) taxable commercial paper, other than that issued by bank holding companies, or tax-exempt commercial paper rated at least "A1/P1" by both Moody's and Standard & Poor's;

(10) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) having a minimum permanent capital of one hundred million dollars (\$100,000,000) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clauses (1), (2), (3) or (4) above, which shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to 102% of the principal amount of such investment and shall be lodged with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an amount equal to 102% of the principal amount of each such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking;

(11) any cash sweep or similar account arrangement of or available to the Trustee, and which may include funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services, the investments of which are limited to investments described in clauses (1), (2), (3), (4), (5) and (10) of this definition of Investment Securities and any money market fund, the entire investments of which are limited to investments described in clauses (1), (2), (3), (4), (5) and (10) of this definition of Investment Securities; provided that as used in this clause (11) and clause (12) investments will be deemed to satisfy the requirements of clause (10) if they meet the requirements set forth in clause (10) ending with the words "clauses (1), (2), (3) or (4) above" and without regard to the remainder of such clause (10);

(12) any investment agreement with a financial institution or insurance company or whose obligations are guaranteed by a financial institution or insurance company which: (a) has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in either of the two highest long-term Rating Categories by both Moody's and Standard & Poor's; or (b) is fully secured by obligations described in items (1), (2), (3) or (4) of the definition of Investment Securities which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Trustee or other custodian acceptable to the Trustee, (C) subject to a perfected first lien in the Trustee, and (D) free and clear from all third party liens;

(13) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (1) through (12) of this definition of Investment Securities and which companies have either the highest rating by both Moody's and Standard & Poor's or have an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years experience investing in such securities and obligations and with assets under management in excess of \$500,000,000;

(14) shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(15) bankers' acceptances issued by domestic or foreign banks, which may include the Trustee and its affiliates, that are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by both Moody's and Standard & Poor's, which purchases may not exceed two hundred seventy (270) days maturity;

(16) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Indenture;

(17) general obligation bonds of the State; and

(18) Defeasance Securities.

Letter of Credit Account means an account by that name established to hold funds that are drawn on Credit Enhancement provided in the form of a letter of credit and that are to be applied to pay the principal of or interest on a Series of Bonds, which account shall be established pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

LIBOR means London Interbank Offered Rate.

Liquidity Facility means, with respect to a Series of Bonds, a line of credit, letter of credit, standby purchase agreement or similar liquidity facility, securing or guaranteeing the payment of purchase price of such Series of Bonds and issued by a Liquidity Provider, and delivered or made available to the Trustee, as from time to time supplemented or amended pursuant to its terms, or, in the event of the delivery or availability of an Alternate Liquidity Facility, such Alternate Liquidity Facility.

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

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

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

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

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

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

Maximum Interest Rate means, with respect to all Bonds other than Liquidity Facility Bonds, the lesser of (i) twelve percent (12%) and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time, and means, with respect to Liquidity Facility Bonds, the lesser of (x) the

Liquidity Facility Rate and (y) the maximum rate of interest that may legally be paid on the Liquidity Facility Bonds from time to time.

Moody's means, Moody's Investors Service, a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Alameda CTC.

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

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

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

Ordinance means Ordinance No. 2001-1, adopted by the Alameda County Transportation Improvement Authority on July 25, 2000, pursuant to the provisions of Section 180000 through Section 180264, inclusive, of the Act, as now in effect and as it may from time to time hereafter be amended or supplemented pursuant to its terms.

Outstanding, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Alameda CTC shall have been discharged in accordance with the provisions of the Indenture described below under the caption

"Defeasance - Discharge of Liability on Bonds;" and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; provided, however, that in the event the principal of or interest due on any Bonds shall be paid by the Credit Provider pursuant to the Credit Enhancement issued in connection with such Bonds, such Bonds shall remain Outstanding for all purposes and shall not be considered defeased or otherwise satisfied or paid by the Alameda CTC and the pledge of Revenues and all covenants, agreements and other obligations of the Alameda CTC to the Holders shall continue to exist and shall run to the benefit of such Credit Provider and such Credit Provider shall be subrogated to the rights of such Holders.

Parity Obligations means (i) any indebtedness, installment sale obligation, lease obligation or other obligation of the Alameda CTC for borrowed money, (ii) any obligation to pay the Rebate Requirement, or (iii) any Interest Rate Swap Agreement (excluding fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall constitute Fee and Expense Obligations and shall be secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon Sales Tax Revenues that secures the Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligation) entered into in connection with a Series of Bonds, in each case incurred in accordance with the Indenture, and in each case having an equal lien and charge upon the Sales Tax Revenues and therefore being payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

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

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

Principal Fund means the fund by that name established pursuant to the Indenture.

Principal Office means, with respect to a Credit Provider or a Liquidity Provider, the office designated as such in writing by such party in a notice delivered to the Trustee and the Alameda CTC.

Project means the transportation improvements consisting of the capital projects outlined in the Expenditure Plan.

Project Fund means, with respect to any Series of Bonds, a fund by that name established pursuant to the provisions of a Supplemental Indenture to hold the proceeds of a Series of Bonds or a portion thereof prior to expenditure on the portion of the Project being financed with the proceeds of such Series of Bonds. With respect to the Series 2014 Bonds, Project Fund means the Series 2014 Project Fund.

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

have the same meaning set forth above except that "pay" or "purchase" shall be substituted for "redeem" or "redemption" and "paid" or "purchased" shall be substituted for "redeemed."

Purchase Fund means a fund by that name established to hold funds to be applied to pay the purchase price of a Series of Bonds, which fund shall be established pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

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

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

Rebate Fund means that fund by that name established pursuant to the Indenture.

Rebate Instructions means, with respect to any Series of Bonds, those calculations and directions required to be delivered to the Trustee by the Alameda CTC pursuant to the Tax Certificate delivered in connection with such Series of Bonds.

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

Record Date, means, with respect to the Series 2014 Bonds, the fifteenth day of the calendar month prior to the calendar month in which a Series 2014 Interest Payment Date occurs, and with respect to any other Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

Redemption Fund means the fund by that name established pursuant to the Indenture.

Redemption Price means, with respect to any Bond (or portion thereof) the Bond Obligation of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

Refunding Bonds means a Series of Bonds issued pursuant to the provisions of the Indenture described below under the caption "Issuance of Refunding Bonds and Other Obligations."

Repository means each public or private entity designated as a Repository in a Continuing Disclosure Undertaking entered into in connection with a Series of Bonds.

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

Reserve Facility Provider means any issuer of a Reserve Facility.

Revenue Fund means the fund by that name established pursuant to the Indenture.

Revenues means: (i) all Sales Tax Revenues; and (ii) all Swap Revenues; provided, however, that in accordance with the provisions set forth in the Indenture and described below under the caption "Issuance of Refunding Bonds and Other Obligations," the Alameda CTC by Supplemental Indenture may provide for additional revenues or assets of the Alameda CTC to be included in the definition of Revenues.

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

Sales Tax means the retail transactions and use tax applicable in the incorporated and unincorporated territory of the County levied at the rate of one-half of one percent (1/2%) and imposed pursuant to the provisions of the Ordinance in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, commencing April 1, 2002.

Sales Tax Revenues means the amounts collected on account of the retail transactions and use tax imposed in the County pursuant to the Act and the Ordinance on and after April 1, 2002, after deducting amounts payable by the Alameda CTC to the State Board of Equalization for costs and expenses for its services in connection with the Sales Tax levied pursuant to the Ordinance and collected pursuant to the Act.

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

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

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

Series 2014 Bonds means the Alameda County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 authorized by, and at any time Outstanding pursuant to, the Indenture.

Series 2014 Costs of Issuance Fund means the fund by that name established pursuant to the Indenture.

Series 2014 Interest Payment Date means each March 1 and September 1, commencing September 1, 2014.

Series 2014 Project Fund means the fund by that name established pursuant to the Indenture.

Series 2014 Record Date means the fifteenth day of the calendar month prior to the calendar month in which a Series 2014 Interest Payment Date occurs, whether or not such day is a Business Day.

SIFMA means the Securities Industry & Financial Markets Association.

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

Sinking Account means an account by that name established in the Principal Fund for the payment of Term Bonds.

Standard & Poor's or S&P means Standard & Poor's Financial Services LLC business, which is a subsidiary of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" or "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Alameda CTC.

State means the State of California.

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

Subordinate Obligations means any obligations of the Alameda CTC issued or incurred in accordance with the provisions of the Indenture described in subparagraph (C) under the caption "Issuance of Refunding Bonds and Other Obligations - Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations" set forth below.

Subordinate Obligations Fund means the fund by that name established pursuant to the Indenture.

Subsidy Payments means payments to be made by the United States Treasury to the Trustee, for credit to the accounts held by the Trustee on behalf of the Alameda CTC, with respect to the interest due on a Series of Bonds that qualify for one or more direct subsidy payments or other form of credits or payments pursuant to the Code, including, without limitation, pursuant to Section 54AA or Section 6431 of the Code or any successor to either such provision.

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

Swap Revenues means all regularly-scheduled amounts (but not termination payments) owed or paid to the Alameda CTC by any Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Alameda CTC to such Counterparty under such Interest Rate Swap Agreement.

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

Tax Expiration Date means March 31, 2022, or such later date to which the levy of the Sales Tax is extended in accordance with the Act.

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

Trustee means Union Bank, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or its successor, as Trustee as provided in the Indenture.

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

The Indenture

Pledge of Revenues; Revenue Fund

(A) As security for the payment of all amounts owing on the Bonds, Parity Obligations, Subordinate Obligations and Fee and Expense Obligations, in accordance with the provisions set forth therein, there are irrevocably pledged to the Trustee: (i) all Revenues; and (ii) all amounts, including proceeds of the Bonds, held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The collateral identified above shall immediately be subject to the pledge set forth in the Indenture and described herein, and such pledge shall constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Alameda CTC and all others asserting the rights therein, to the extent set forth, and in accordance with, the Indenture irrespective of whether those parties have notice of such pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Revenues and all amounts held on deposit in the funds and accounts established under the Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Purchase Fund) is irrevocable until all of the Bonds are no longer Outstanding and all Parity Obligations, Subordinate Obligations and Fee and Expense Obligations and amounts owed in connection with the Bonds, Parity Obligations, Subordinate Obligations and Fee and Expense Obligations have been paid.

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

(B) As long as any Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid, the Alameda CTC assigns and shall cause Sales Tax Revenues to be transmitted by the State Board of Equalization directly to the Trustee. The Trustee shall forthwith deposit in a trust fund, designated as the "Revenue Fund," which fund the Trustee shall establish and maintain, all Sales Tax Revenues, when and as received by the Trustee. The Sales Tax Revenues and all other amounts deposited into the Revenue Fund pursuant to the provisions of the Indenture described

in this subparagraph (B), shall be received and held in trust by the Trustee for the benefit of the Holders of the Bonds and any Parity Obligations, Subordinate Obligations and Fee and Expense Obligations and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture. Except as is otherwise provided in the Indenture with respect to a specific fund or account or in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, investment income on amounts held by the Trustee hereunder shall also be deposited in the Revenue Fund. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Holders of the Bonds and the holders of Parity Obligations, Subordinate Obligations and Fee and Expense Obligations as their interest may appear under the Indenture and shall be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

(C) The Bonds are limited obligations of the Alameda CTC and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Revenues and other funds pledged under the Indenture.

Allocation of Sales Tax Revenues

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

Interest Fund. Following receipt of the Sales Tax Revenues in each month, the Trustee shall set aside in the Interest Fund as soon as practicable in such month an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) during the next ensuing six (6) months (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay such interest during said next ensuing six (6) months), until the requisite half-yearly amount of interest on all such Outstanding Current Interest Bonds (except for Bonds constituting Variable Rate Indebtedness which shall be governed by subparagraph (b) below) is on deposit in such fund; provided that from the date of delivery of a Series of Current Interest Bonds until the first Interest Payment Date with respect to such Series of Bonds the amounts set aside in such fund with respect to such Series of Bonds shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said Interest Payment Date with respect to such Series of Bonds, plus (b) the aggregate amount of interest to accrue during that month on Outstanding Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Alameda CTC, or if the Alameda CTC shall not have specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior

to the month of deposit plus one hundred (100) basis points (provided, however, that the amount of such deposit into the Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Interest Fund for any month shall be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Variable Rate Indebtedness). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Bonds issued under the Indenture and then Outstanding and on March 1 and September 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having Interest Payment Dates other than March 1 and September 1) shall be transferred to the Alameda CTC (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates). All Swap Revenues received with respect to Interest Rate Swap Agreements that are Parity Obligations shall be deposited in the Interest Fund and credited to the above-required deposits.

Principal Fund; Sinking Accounts. Following receipt of the Sales Tax Revenues in each month, the Trustee shall deposit in the Principal Fund as soon as practicable in such month an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Alameda CTC 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. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

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

period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

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

Bond Reserve Fund. In the event a Bond Reserve Fund is established in connection with any Series of Bonds, upon the occurrence of any deficiency in any Bond Reserve Fund, the Trustee shall make such deposit to such Bond Reserve Fund as is required pursuant to the provisions of the Indenture described below under the caption "Establishment and Application of Funds and Accounts - Funding and Application of Bond Reserve Funds," each such deposit to be made as soon as possible in each month, until the balance therein is at least equal to the applicable Bond Reserve Requirement.

Subordinate Obligations Fund. In the event that the Alameda CTC issues or incurs Subordinate Obligations, the Trustee shall establish, maintain and hold in trust a separate fund designated as the "Subordinate Obligations Fund." After the transfers to the Interest Fund, the Principal Fund (including the Sinking Accounts established therein) and the Bond Reserve Fund described above have been made, the Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Alameda CTC shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

Fees and Expenses Fund. In the event that the Alameda CTC incurs Fee and Expense Obligations, the Trustee shall establish, maintain and hold in trust a separate fund designated as the "Fees and Expenses Fund." After the transfers to the Interest Fund, the Principal Fund (including the Sinking Accounts established therein), the Bond Reserve Fund and the Subordinate Obligations Fund described above have been made, the Trustee shall deposit in the Fees and Expenses Fund in each month the amounts necessary for payment of Fee and Expense Obligations owing in such month or owing in the following month by the Alameda CTC. The Alameda CTC shall inform the Trustee of such amounts, in writing, such notification to be provided no later than the tenth calendar day of each month.

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

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

Establishment and Application of Funds and Accounts; Bond Reserve Funds

Each of the funds and accounts described below is or may be established pursuant to the Indenture.

Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purposes of (a) paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit, and (b) making periodic payments on Interest Rate Swap Agreements, as provided in the Indenture.

Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the Bond Obligation of the Bonds when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Term Bonds, as provided in the Indenture, or for reimbursing the Credit Provider for a drawing for such purposes made on Credit Enhancement provided in the form of an irrevocable, direct-pay letter of credit.

The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds of each Series and maturity, designated as the "_____ Sinking Account," inserting therein the Series and maturity designation of such Bonds. On or before the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment (being the principal thereof, in the case of Current Interest Bonds, and the Accreted Value, in the case of Capital Appreciation Bonds) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of such Series and maturity for which such Sinking Account was established, in the manner provided in the Indenture or the Supplemental Indenture pursuant to which such Series of Bonds was created; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the Alameda CTC, apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the Alameda CTC, except that the purchase price (excluding accrued interest, in the case of Current Interest Bonds) shall not exceed the principal amount or Accreted Value thereof. If, during the 12-month period (or six-month period with respect to Bonds having semi-annual Mandatory Sinking Account Payments) immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Alameda CTC has deposited Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at

any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Term Bonds purchased or deposited pursuant to the provisions of the Indenture described therein shall be cancelled by the Trustee and destroyed by the Trustee and a certificate of destruction shall be delivered to the Alameda CTC by the Trustee. Any amounts remaining in a Sinking Account on March 1 of each year following the redemption as of such date of the Term Bonds for which such account was established shall be withdrawn by the Trustee and transferred as soon as is practicable to the Alameda CTC to be used for any lawful purpose. All Term Bonds purchased from a Sinking Account or deposited by the Alameda CTC with the Trustee in a twelve month period ending the last day in February (or in a six-month period ending the last day in February or August 31 with respect to Bonds having semi-annual Mandatory Sinking Account Payments) and prior to the giving of notice by the Trustee for redemption from Mandatory Sinking Account Payments for such period shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, if any, occurring on the next March 1 or September 1, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Alameda CTC. All Term Bonds redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the Alameda CTC.

Funding and Application of Bond Reserve Funds. The Alameda CTC may at its sole discretion at the time of issuance of any Series of Bonds or at any time thereafter by Supplemental Indenture provide for the establishment of a Bond Reserve Fund as additional security for a Series of Bonds. Any Bond Reserve Fund so established by the Alameda CTC shall be available to secure one or more Series of Bonds as the Alameda CTC shall determine and shall specify in the Supplemental Indenture establishing such Bond Reserve Fund. Any Bond Reserve Fund established by the Alameda CTC shall be held by the Trustee and shall comply with the requirements of the Indenture described under this caption. No Bond Reserve Fund is being established in connection with the issuance of the Series 2014 Bonds.

In lieu of making the Bond Reserve Requirement deposit applicable to one or more Series of Bonds in cash or in replacement of moneys then on deposit in any Bond Reserve Fund (which shall be transferred by the Trustee to the Alameda CTC), or in substitution of any Reserve Facility comprising part of the Bond Reserve Requirement relating to one or more Series of Bonds, the Alameda CTC may, at any time and from time to time, deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated at the time of delivery of such letter of credit in one of the two highest Rating Categories of Fitch, Moody's or Standard & Poor's, in an amount, which, together with cash, Investment Securities or other Reserve Facilities, as described in the paragraph below, then on deposit in such Bond Reserve Fund, shall equal the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates. Such letter of credit shall have a term no less than three (3) years or, if less, the final maturity of the Bonds in connection with which such letter of credit was obtained and shall provide by its terms that it may be drawn upon in accordance with the requirements set forth in the Indenture. At least one (1) year prior to the stated expiration of such letter of credit, the Alameda CTC shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least one (1) additional year or, if less, the final maturity of the Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of the Indenture described in the paragraph below. Upon delivery of such replacement Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Alameda CTC. If the Alameda CTC shall fail to deposit a replacement Reserve Facility with the Trustee, the Alameda CTC shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates shall be on

deposit in such Bond Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Bond Reserve Requirement relating to the Bonds to which such Bond Reserve Fund relates as of the date following the expiration of the letter of credit is not on deposit in such Bond Reserve Fund one (1) week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in such Bond Reserve Fund.

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

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

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

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

Unless the Alameda CTC shall otherwise direct in writing, amounts in any Bond Reserve Fund in excess of the Bond Reserve Requirement relating to the Bonds of the Series to which such Bond Reserve Fund relates shall be transferred by the Trustee to the Alameda CTC on the Business Day following March 1 of each year; provided that such amounts shall be transferred only from the portion of such Bond Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in any Bond Reserve Fund shall be transferred by the Trustee to the Alameda CTC upon the defeasance, retirement or refunding of all or a portion of the Bonds of the Series to which such Bond Reserve Fund relates, provided that such transfer shall not be made unless (a) immediately thereafter all of the Bonds to which the Bond Reserve Fund relates shall be deemed to have been paid in accordance with the provisions of the Indenture described below under the caption "Defeasance," or (b) the amount remaining in any Bond Reserve Fund after such transfer shall not be less than the Bond Reserve Requirement applicable to Bonds of the Series to which such Bond Reserve Fund relates or (ii) upon the replacement of cash on deposit in any Bond Reserve Fund with one or more Reserve Facilities in accordance with the provisions of the Indenture described above, each such transfer to be subject to compliance with the requirements of the applicable Tax Certificate.

Subordinate Obligations Fund. All moneys in the Subordinate Obligations Fund shall be applied to the payment of principal of and interest on Subordinate Obligations in accordance with the Indenture.

Fees and Expenses Fund. All amounts in the Fees and Expenses Fund shall be used and withdrawn by the Trustee solely for the purpose of paying fees, expenses and similar charges owed by the Alameda CTC in connection with the Bonds or any Parity Obligations or Subordinate Obligations as such amounts shall become due and payable.

Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the Alameda CTC with the Trustee for

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

Rebate Fund. Upon receipt of funds to be applied to the Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Alameda CTC. Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by each of the Tax Certificates. The Alameda CTC covenants to comply with the directions contained in each Tax Certificate and the Trustee covenants to comply with all written instructions of the Alameda CTC delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of the Indenture described in this paragraph if it follows such instructions of the Alameda CTC, and the Trustee shall have no liability or responsibility to enforce compliance by the Alameda CTC with the terms of any Tax Certificate nor to make computations in connection therewith.

Payment Provisions Applicable to Interest Rate Swap Agreements

In the event the Alameda CTC shall enter into an Interest Rate Swap Agreement in connection with a Series of Bonds, the amounts received by the Alameda CTC, if any, pursuant to such Interest Rate Swap Agreement shall also be applied to the deposits required under the Indenture. If the Alameda CTC so designates in a Supplemental Indenture establishing the terms and provisions of such Series of Bonds (or if such Interest Rate Swap Agreement is entered into subsequent to the issuance of such Series of Bonds, if the Alameda CTC so designates in a Certificate of the Alameda CTC delivered to the Trustee concurrently with the execution of such Interest Rate Swap Agreement), amounts payable under such Interest Rate Swap Agreement (excluding termination payments and payments of fees and expenses incurred in connection with Interest Rate Swap Agreements which (i) shall constitute Fee and Expense Obligations and (ii) shall in all cases be payable from, and secured by, Sales Tax Revenues on a subordinate basis to Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations) shall constitute Parity Obligations under the Indenture, and, in such event, the Alameda CTC shall pay or cause to be paid to the Trustee for deposit in the Interest Fund, at the times and in the manner provided by the Indenture, the amounts to be paid pursuant to such Interest Rate Swap Agreement, as if such amounts were additional interest due on the Series of Bonds to which such Interest Rate Swap

Agreement relates, and the Trustee shall pay to the Counterparty to such Interest Rate Swap Agreement, to the extent required thereunder, from amounts deposited in the Interest Fund for the payment of interest on the Series of Bonds with respect to which such Interest Rate Swap Agreement was entered into.

Establishment and Application of Certain Additional Funds for the Series 2014 Bonds

Establishment and Application of the Series 2014 Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2014 Costs of Issuance Fund." Amounts in the Series 2014 Costs of Issuance Fund shall be disbursed by the Trustee to pay for Costs of Issuance incurred in connection with issuance of the Series 2014 Bonds upon Requisition of the Alameda CTC, such Requisition to be in substantially such form as is set forth as an exhibit to the First Supplemental Indenture. Any amounts remaining in the Series 2014 Costs of Issuance Fund one hundred eighty (180) days after the date of issuance of the Series 2014 Bonds shall be transferred to the Series 2014 Project Fund, or in the event that the Series 2014 Project Fund shall have been closed, to the Revenue Fund, and the Series 2014 Costs of Issuance Fund shall be closed.

Establishment and Application of the Series 2014 Project Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2014 Project Fund." Moneys in the Series 2014 Project Fund shall be used and withdrawn to pay Costs of the Project. Before any payment from the Series 2014 Project Fund shall be made by the Trustee, the Alameda CTC shall file or cause to be filed with the Trustee a Requisition of the Alameda CTC, such Requisition to be in substantially such form as is set forth as an exhibit to the First Supplemental Indenture.

When the Alameda CTC determines that the portion of the Project being financed with the proceeds of the Series 2014 Bonds has been completed, a Certificate of the Alameda CTC shall be delivered to the Trustee by the Alameda CTC stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in the Series 2014 Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the Series 2014 Project Fund, less the amount of any such retention, to the Revenue Fund and the Series 2014 Project Fund shall be closed.

Investment in Funds and Accounts

All moneys in any of the funds and accounts held by the Trustee and established pursuant to the Indenture shall be invested, as directed by the Alameda CTC, solely in Investment Securities, subject to the limitations set forth in the Indenture. If and to the extent the Trustee does not receive investment instructions from the Alameda CTC with respect to the moneys in the funds and accounts held by the Trustee pursuant to the Indenture, such moneys shall be invested in Investment Securities described in clause (11) of the definition thereof and the Trustee shall promptly thereafter request investment instructions from the Alameda CTC for such moneys.

Moneys in any Bond Reserve Fund shall be invested in Investment Securities maturing in not more than five (5) years, or having a put option or demand option providing funds upon request for the purpose of payment of the Bonds to which such Bond Reserve Fund relates as provided in the Indenture. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys shall be required by the Trustee.

Unless otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds or a Request of the Alameda CTC: (i) all interest, profits and other income received from

the investment of moneys in the Interest Fund representing accrued interest or capitalized interest shall be retained in the Interest Fund; (ii) all interest, profits and other income received from the investment of moneys in a Bond Reserve Fund shall be retained in such Bond Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Revenue Fund; (iii) all interest, profits and other income received from investment of moneys in a Costs of Issuance Fund shall be transferred to the Revenue Fund; (iv) all interest, profits and other income received from the investment of moneys in a Project Fund shall be retained in such Project Fund, unless the Alameda CTC shall direct that such earnings be transferred to the Rebate Fund; (v) all interest, profits and other income received from the investment of moneys in the Rebate Fund shall be retained in the Rebate Fund, except as otherwise provided in the Indenture; (vi) all interest, profits and other income received from investment of moneys in any Purchase Fund shall be retained in such Purchase Fund; and (vii) all interest, profits and other income received from the investment of moneys in any other fund or account shall be transferred to the Revenue Fund. As provided in the First Supplemental Indenture, (i) all interest, profits and other income received from the investment of moneys in the Interest Fund representing capitalized interest funded from the proceeds of the Series 2014 Bonds shall be transferred to, and deposited in, the Series 2014 Project Fund; (ii) all interest, profits and other income received from the investment of moneys in the Series 2014 Project Fund shall be retained in the Series 2014 Project Fund; and (iii) all interest, profits and other income received from investment of moneys in the Series 2014 Costs of Issuance Fund shall be transferred to, and deposited in, the Series 2014 Project Fund.

All Investment Securities credited to any Bond Reserve Fund shall be valued (at market value) as of March 1 and September 1 of each year (or the next succeeding Business Day if such day is not a Business Day), such market value to be determined by the Trustee in the manner then currently employed by the Trustee or in any other manner consistent with corporate trust industry standards. Notwithstanding anything to the contrary in the Indenture, in making any valuations of investments under the Indenture, the Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system.

The Trustee may commingle any of the funds or accounts established pursuant to the Indenture (except the Rebate Fund, any Letter of Credit Account and any Purchase Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Indenture shall be accounted for separately as required by the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Alameda CTC may impose its customary charge therefor. The Trustee may sell at the best price obtainable consistent with the Trustee's customary trading practices or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the provisions of the Indenture.

Issuance of Refunding Bonds and Other Obligations

Issuance of Refunding Bonds. Subsequent to the issuance of the Series 2014 Bonds, the Alameda CTC may only issue additional Bonds in order to refund all or any portion of any Bonds or Parity Obligations then outstanding. Any such additional Series of Bonds shall be payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Series 2014 Bonds and shall be established by Supplemental Indenture meeting the requirements specified in the Indenture. The Trustee may authenticate and deliver to the purchasers thereof any additional Series of Bonds so established upon compliance by the Alameda CTC with (i) the provisions of the Indenture described below under the caption "Proceedings for Issuance of Refunding Bonds" and under the caption "Utilization of Proceeds of Refunding Bonds," (ii) any additional requirements set forth in the

Supplemental Indenture pursuant to which such additional Series of Bonds is being issued and (iii) subject to the specific conditions set forth in the Indenture and listed below, each of which is a condition precedent to the issuance of any additional Series of Bonds:

(A) No Event of Default shall have occurred and then be continuing.

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

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

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

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

Proceedings for Issuance of Refunding Bonds. Before any additional Series of Bonds shall be issued and delivered, the Alameda CTC shall file each of the documents identified below with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied).

(A) A Supplemental Indenture authorizing such Series executed by the Alameda CTC.

(B) A Certificate of the Alameda CTC certifying: (i) that no Event of Default has occurred and is then continuing; and (ii) that the requirement of the Indenture described in subparagraph (B) under the caption "Issuance of Refunding Bonds and Other Obligations - Issuance of Refunding Bonds" has been satisfied by the Alameda CTC.

(C) A Certificate of the Alameda CTC certifying 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.

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

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

Utilization of Proceeds of Refunding Bonds. Refunding Bonds may be issued in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all or a portion of the following: (i) the principal or Redemption Price of the Outstanding Bonds or outstanding Parity Obligations to be refunded; (ii) all expenses incident to the calling, retiring or paying of such Outstanding Bonds or outstanding Parity Obligations and the Costs of Issuance of such Refunding Bonds; (iii) any termination payment owed by the Alameda CTC to a Counterparty after offset for any payments made to the Alameda CTC from such Counterparty under any Interest Rate Swap Agreement that was entered into in connection with the Bonds or Parity Obligations to be refunded; (iv) interest on all Outstanding Bonds or outstanding Parity Obligations to be refunded to the date such Bonds or Parity Obligations shall be called for redemption or paid at maturity; (v) interest on the Refunding Bonds from the date thereof to the date of payment or redemption of the Bonds or Parity Obligations to be refunded; and (vi) funding a Bond Reserve Fund for the Refunding Bonds, if required.

The proceeds of the sale of the Refunding Bonds shall be applied by the Trustee according to the written direction of the Alameda CTC to the retirement of the Outstanding Bonds or Parity Obligations for the refunding of which said Refunding Bonds are to be issued. All Bonds or Parity Obligations purchased, redeemed or retired by use of funds received from the sale of Refunding Bonds, and all Bonds surrendered to the Trustee against the issuance of Refunding Bonds, shall be forthwith canceled and shall not be reissued.

Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations. The Alameda CTC shall not, so long as any of the Bonds are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Sales Tax Revenues except the following:

(A) Bonds authorized in accordance with the provisions of the Indenture described above under the caption "Issuance of Refunding Bonds and Other Obligations - Issuance of Refunding Bonds."

(B) Parity Obligations, provided that the following conditions to the issuance or incurrence of such Parity Obligations are satisfied:

(1) Such Parity Obligations have been duly and legally authorized by the Alameda CTC;

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

(3) Such Parity Obligations are being issued or incurred in connection with the issuance of Refunding Bonds; and

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

(C) Subordinate Obligations that are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Sales Tax Revenues after the prior payment of all amounts then required to be paid under the Indenture from Sales Tax Revenues for principal, premium, interest and reserve fund requirements, if any, for all Bonds Outstanding, and all Parity Obligations outstanding, as the same become due and payable, and at the times and in the amounts as required in the Indenture and in the instrument or instruments pursuant to which any Parity Obligations were issued or incurred, provided that the following conditions to issuance or incurrence of such Subordinate Obligations are satisfied:

(1) Such Subordinate Obligations have been duly and legally authorized by the Alameda CTC for any lawful purpose;

(2) No Event of Default shall have occurred and then be continuing, as evidenced by the delivery to the Trustee of a Certificate of the Alameda CTC to that effect; and

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

(D) Fee and Expense Obligations.

Calculation of Maximum Annual Debt Service with Respect to Bonds, Parity Obligations and Subordinate Obligations. Maximum Annual Debt Service with respect to Refunding Bonds shall be determined no later than the date of delivery of such Refunding Bonds, and no earlier than the sixtieth (60th) day preceding the date of pricing or sale of such Refunding Bonds, utilizing the assumptions set forth in the definition of Debt Service. Maximum Annual Debt Service with respect to Parity Obligations shall be determined no later than the date of incurrence of such Parity Obligations utilizing the assumptions set forth in the definition of Debt Service; provided, however, that if a Parity Obligation is contingent upon funds being provided pursuant to such Parity Obligation to pay principal, or purchase price of, or interest on a Bond, such Parity Obligations shall not be considered outstanding until such payment is made thereunder. As and to the extent applicable, Maximum Annual Debt Service with respect to Subordinate Obligations shall be determined no later than the date of incurrence of such Subordinate Obligations utilizing the assumptions set forth in the definition of Debt Service; provided, however, that if a Subordinate Obligation is contingent (such Subordinate Obligation being referred to as a "Contingent Subordinate Obligation") upon funds being provided pursuant to such Contingent Subordinate Obligation to pay principal, or purchase price of, or interest on another Subordinate

Obligation, such Contingent Subordinate Obligation shall not be considered outstanding until such payment is made under such Contingent Subordinate Obligation.

Designation of Parity Obligations, Subordinate Obligations and Fee and Expense Obligations. Upon the issuance or incurrence of any obligations which constitute Parity Obligations, Subordinate Obligations or Fee and Expense Obligations, the Alameda CTC shall file a Certificate of the Alameda CTC with the Trustee identifying such obligations as Parity Obligations, Subordinate Obligations or Fee and Expense Obligations, as applicable, such Certificate of the Alameda CTC to be filed with the Trustee concurrently with the issuance or incurrence of such obligations.

Certain Covenants of the Alameda CTC

Punctual Payments. The Alameda CTC will punctually pay or cause to be paid the principal or Redemption Price of and interest on all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, and will punctually pay or cause to be paid all Mandatory Sinking Account Payments, but in each case only out of Revenues as provided in the Indenture.

Against Encumbrances. The Alameda CTC will not create any pledge, lien or charge upon any of the Sales Tax Revenues having priority over or having parity with the lien of the Bonds, the Parity Obligations, the Subordinate Obligations and the Fee and Expense Obligations, except as specifically provided pursuant to the provisions of the Indenture described above under the caption "Issuance of Refunding Bonds and Other Obligations - Limitations on the Issuance of Obligations Payable from Sales Tax Revenues; Parity Obligations; Subordinate Obligations; Fee and Expense Obligations."

Accounting Records and Financial Statements. The Alameda CTC will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries will be made of all transactions relating to the Revenues. Such books of record and account will be available for inspection by the Trustee at reasonable hours and under reasonable circumstances.

The Alameda CTC will furnish the Trustee, with copies to each Credit Provider and each Liquidity Provider, within one hundred ninety-five (195) days after the end of each Fiscal Year, or as soon thereafter as they can practically be furnished, the financial statements of the Alameda CTC for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of an Authorized Representative stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Alameda CTC to cure such default. Thereafter, a copy of such financial statements will be furnished to any Holder upon written request to the Alameda CTC, which copy of the financial statements may, at the sole discretion of the Alameda CTC, be provided by means of posting such financial statements on an internet site that provides access to the Holders. The Trustee will have no duty to review or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Holders.

Collection of Sales Tax Revenues. The Alameda CTC covenants and agrees that the Sales Tax was duly levied by ACTIA, predecessor agency to the Alameda CTC, in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by ACTIA and the electorate

of the County. The Ordinance will not be amended, modified or altered so long as any of the Bonds are Outstanding or any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations remain unpaid in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Alameda CTC will continue to levy and collect the Sales Tax to the full amount permitted by law. The Alameda CTC covenants that it has entered into an agreement with the State Board of Equalization, under and pursuant to which the State Board of Equalization processes and supervises collection of the Sales Tax and will transmit the receipts of the Sales Tax directly to the Trustee. Said agreement will be continued in effect so long as any Bonds are Outstanding and shall not be amended, modified or altered without the written consent of the Trustee so long as any of the Bonds are Outstanding. The Alameda CTC will receive and hold in trust for (and remit immediately to) the Trustee any Sales Tax Revenues paid to the Alameda CTC by the State Board of Equalization.

Sales Tax Revenues received by the Trustee shall be transmitted to the Alameda CTC pursuant to the provisions of the Indenture described above under the caption "Allocation of Sales Tax Revenues;" provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied in accordance with the provisions of the Indenture described below under the caption "Events of Default and Remedies - Application of Revenues and Other Funds After Default."

The Alameda CTC covenants and agrees to separately account for all Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances.

The Alameda CTC covenants that so long as the Bonds are Outstanding, it will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Act which would materially and adversely affect the rights of Bondholders.

Tax Covenants. The Alameda CTC covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code; provided that, prior to the issuance of any Series of Bonds, the Alameda CTC may exclude the application of the covenants contained in the Indenture (i) described under this caption and (ii) described above under the caption "Rebate Fund" to such Series of Bonds. Without limiting the generality of the foregoing, the Alameda CTC agrees that it will comply with all requirements of the Tax Certificate relating to each Series of Bonds.

Continuing Disclosure. Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, the Alameda CTC covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking executed and delivered in connection with such Series of Bonds. Notwithstanding any other provision of the Indenture, failure of the Alameda CTC to comply with the provisions of any Continuing Disclosure Undertaking shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter or of the Holders of at least twenty-five percent (25%) aggregate principal amount of any Series of Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or beneficial owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Alameda CTC to comply with its obligations under the provisions of the Indenture described under this caption.

Events of Default and Remedies

Events of Default. The following are Events of Default:

(A) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any Sinking Account of any Bonds in the amounts and at the times provided therefor;

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

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

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

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

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

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

(H) if the Legislature of the State shall repeal or amend all or any portion of the provisions of the Act relating to the retail transactions and use tax, being Sections 180200 to 180207, inclusive, of the Public Utilities Code of the State unless the Alameda CTC has reasonably determined that said repeal or amendment does not materially and adversely affect the rights of Bondholders.

Application of the Revenues and Other Funds After Default; No Acceleration. If an Event of Default shall occur and be continuing, the Alameda CTC shall immediately transfer to the Trustee all Revenues held by it and the Trustee shall apply all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (excluding the Rebate Fund, any

Letter of Credit Account and any Purchase Fund and except as otherwise provided in the Indenture) as follows and in the following order:

(1) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and Parity Obligations, including the costs and expenses of the Trustee and the Bondholders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Indenture;

(2) to the payment of the whole amount of Bond Obligation then due on the Bonds and Parity Obligations (upon presentation of the Bonds and Parity Obligations to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, with interest on such Bond Obligation, at the rate or rates of interest borne by the respective Bonds and on Parity Obligations, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Bonds and Parity Obligations which shall have become due, whether at maturity, by call for redemption or otherwise, in the order of their due dates, with interest on the overdue Bond Obligation and Parity Obligations at the rate borne by the respective Bonds and Parity Obligations, and, if the amount available shall not be sufficient to pay in full all the Bonds and Parity Obligations due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Accreted Value (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference;

(3) to the extent Revenues are available therefor, to the payment of Subordinate Obligations, provided that if the amount available shall not be sufficient to pay in full all Subordinate Obligations, then to the payment thereof ratably;

(4) to the extent Revenues are available therefor, to the payment of Fee and Expense Obligations, provided that if the amount available shall not be sufficient to pay in full all Fee and Expense Obligations, then to the payment thereof ratably; and

(5) to the payment of all other obligations payable under the Indenture.

Notwithstanding anything in the Indenture to the contrary, in no event are the Bonds (excluding Liquidity Facility Bonds which may be subject to acceleration as set forth in the applicable Liquidity Facility) subject to acceleration if an Event of Default occurs and is continuing.

Trustee to Represent Bondholders. The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and, with respect to any Series of Bonds for which a Credit Enhancement has been provided, upon the written request of the Credit Provider providing such Credit Enhancement, or if such Credit Provider is then failing to make a payment required pursuant to such Credit Enhancement, upon the written request of the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most

effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power in the Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Sales Tax Revenues and other assets pledged under the Indenture, pending such proceedings; provided, however, that, with respect to any Series of Bonds for which a Credit Enhancement has been provided, the Trustee may only act with the consent of the Credit Provider providing such Credit Enhancement. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

Bondholders' Direction of Proceedings. Anything in the Indenture to the contrary (except provisions relating to the rights of a Credit Provider to direct proceedings as set forth in the Indenture and described below under the caption "Credit Provider Directs Remedies Upon Event of Default") notwithstanding, the Holders of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Parity Obligations not parties to such direction.

Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted to the Trustee pursuant to the Indenture or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; provided, however, that the written consent of a Credit Provider providing a Credit Enhancement with respect to a Series of Bonds shall be required if the Credit Enhancement with respect to such Series of Bonds is in full force and effect and if the Credit Provider providing such Credit Enhancement is not then failing to make a payment as required in connection therewith.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Act or other applicable law with respect to the Bonds, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the

manner in the Indenture provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Credit Provider Directs Remedies Upon Event of Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Credit Provider then providing Credit Enhancement for any Series of Bonds shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Bonds secured by such Credit Enhancement or granted to the Trustee for the benefit of the Holders of the Bonds benefited by such Credit Enhancement, provided that the Credit Provider's consent shall not be required as otherwise provided in the Indenture if such Credit Provider is in default of any of its payment obligations as set forth in the Credit Enhancement provided by such Credit Provider.

Modification or Amendment of the Indenture

Amendments Permitted With Bondholder Consent. The Indenture and the rights and obligations of the Alameda CTC, the Holders of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Alameda CTC and the Trustee may enter into when the written consent of the Holders of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment shall, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Indenture. The Credit Provider for a Series of Bonds shall be deemed to be the Holder of such Series of Bonds for purposes of consenting to modifications or amendments under the provisions of the Indenture described under this caption.

No such modification or amendment shall (a) extend the maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (b) reduce the aforesaid percentage of Bond Obligation the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (in each case, except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Amendments Permitted Without Bondholder Consent. The Indenture and the rights and obligations of the Alameda CTC, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Alameda CTC and the Trustee may enter into without the consent of any Bondholders, but only to the extent permitted by the Act and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Alameda CTC set forth in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Alameda CTC;

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

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

(4) to provide for the issuance of an additional Series of Bonds subsequent to the issuance of the Series 2014 Bonds pursuant to the provisions of the Indenture described above under the caption "Issuance of Refunding Bonds and Obligations;"

(5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Capital Appreciation Bonds, Parity Obligations, Subordinate Obligations, or Variable Rate Indebtedness, with such interest rate, payment, maturity and other terms as the Alameda CTC may deem desirable; subject to the provisions of the Indenture described above under the caption "Issuance of Refunding Bonds and Other Obligations;"

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

(7) to make modifications or adjustments necessary, appropriate or desirable to accommodate Credit Enhancements, Liquidity Facilities and Reserve Facilities;

(8) to make modifications or adjustments necessary, appropriate or desirable to provide for the appointment of an auction agent, a broker-dealer, a calculation agent, an index agent, a remarketing agent, a tender agent and/or a paying agent in connection with any Series of Bonds;

(9) to modify the auction provisions applicable to any Series of Bonds in accordance with the terms and provisions set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds;

(10) to provide for any additional covenants or agreements necessary to maintain the tax-exempt status of interest on any Series of Bonds;

(11) if the Alameda CTC agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;

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

(13) to modify, alter, amend or supplement the Indenture in any other respect, including amendments that would otherwise be described above under the caption "Amendments Permitted With Bondholder Consent," if the effective date of such amendment(s) is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the provisions of the Indenture; or if notice of the proposed amendments is given to Holders of the affected Bonds at least thirty (30) days before the proposed effective date of such amendments and, on or before such effective date, such

Holders have the right to demand purchase of their Bonds pursuant to the provisions of the Indenture or if all Bonds affected thereby are in an auction mode and a successful auction is held following notice of such amendment; and

(14) for any other purpose that does not materially and adversely affect the interests of the Holders of the Bonds.

Any Supplemental Indenture entered into pursuant to the provisions of the Indenture described under this caption shall be deemed not to materially adversely affect the interest of the Holders so long as (i) all Bonds are secured by a Credit Enhancement and (ii) each Credit Provider shall have given its written consent to such Supplemental Indenture in accordance with the provisions of the Indenture.

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

Defeasance

Discharge of Indenture. Bonds of any Series or a portion thereof may be paid by the Alameda CTC in any of the following ways:

(A) by paying or causing to be paid the Bond Obligations of and interest on such Outstanding Bonds, as and when become due and payable;

(B) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided pursuant to the provisions of the Indenture described below under the caption "Deposit of Money or Securities") to pay or redeem such Outstanding Bonds; or

(C) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the Alameda CTC shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable under the Indenture by the Alameda CTC, including any amounts payable under any Parity Obligations, Subordinate Obligations or Fee and Expense Obligations, then and in that case, at the election of the Alameda CTC (evidenced by a Certificate of the Alameda CTC, filed with the Trustee, signifying the intention of the Alameda CTC to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Sales Tax Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Alameda CTC under the Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Alameda CTC, the Trustee shall cause an accounting for such period or periods as may be requested by the Alameda CTC to be prepared and filed with the Alameda CTC and shall execute and deliver to the Alameda CTC all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Alameda CTC all moneys or securities or other property held by it pursuant to the Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of certified public accountants or other

independent consulting firm, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided pursuant to the provisions of the Indenture described below under the caption "Deposit of Money or Securities") to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Alameda CTC in respect of such Bond shall cease, terminate and be completely discharged, provided that the Holder thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the Alameda CTC shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment.

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

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

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

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

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

Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal, Redemption Price, or interest on any Bond and remaining unclaimed for one (1) year after such principal, Redemption Price, or interest has become due and payable (whether at maturity or upon call for redemption as provided in the Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such principal, Redemption Price or interest on any Bond if such moneys were deposited after the date when such Bond became due and payable, shall be repaid to the Alameda CTC free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Alameda CTC as aforesaid, the Trustee may (at the cost of the Alameda CTC) first mail to the Holders of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Alameda CTC of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal or Accreted Value of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Holders thereof and the Trustee shall not be required to pay Holders any interest on, or be liable to the Holders or any other person (other than the Alameda CTC) for interest earned on, moneys so held. Any interest earned thereon shall belong to the Alameda CTC and shall be deposited upon receipt by the Trustee into the Revenue Fund.

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

(THIS PAGE INTENTIONALLY LEFT BLANK)

CONTINUING DISCLOSURE AGREEMENT

by and between

ALAMEDA COUNTY TRANSPORTATION COMMISSION

and

**UNION BANK, N.A.,
as Dissemination Agent**

Dated as of February 1, 2014

Relating to

**\$137,145,000
ALAMEDA COUNTY TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds),
Series 2014**

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of February 1, 2014 (this “Disclosure Agreement”), is by and between the ALAMEDA COUNTY TRANSPORTATION COMMISSION, a joint exercise of powers authority and a public entity duly established and existing under the laws of the State of California (“Alameda CTC”), and UNION BANK, N.A., as Dissemination Agent hereunder (the “Dissemination Agent”).

WITNESSETH:

WHEREAS, Alameda CTC has issued \$137,145,000 Alameda County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 (the “Series 2014 Bonds”) pursuant to an Indenture, dated as of February 1, 2014 (the “2014 Indenture”), as supplemented by a First Supplemental Indenture, dated as of February 1, 2014 (the “First Supplemental Indenture”) (the 2014 Indenture and the First Supplemental Indenture are collectively referred to herein as the “Indenture”), between Alameda CTC and Union Bank, N.A., as trustee (the “Trustee”); and

WHEREAS, this Disclosure Agreement is being executed and delivered by Alameda CTC and the Dissemination Agent for the benefit of the owners and beneficial owners of the Series 2014 Bonds and in order to assist the underwriters of the Series 2014 Bonds in complying with the Rule (as defined herein);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by Alameda CTC and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Series 2014 Bonds and in order to assist the Participating Underwriters in complying with the Rule.

Section 2. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture. In addition, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by Alameda CTC pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Disclosure Representative” means the Director of Finance of Alameda CTC, or such other officer or employee of Alameda CTC as the Executive Director of Alameda CTC or the Finance Director of Alameda CTC shall designate in writing to the Dissemination Agent and the Trustee from time to time.

“Dissemination Agent” means an entity selected and retained by Alameda CTC, or any successor thereto selected by Alameda CTC. The initial Dissemination Agent shall be Union Bank, N.A.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by Alameda CTC, with notice of such selection or change in fiscal year to be provided as set forth herein.

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

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the Official Statement, dated February 10, 2014, relating to the Series 2014 Bonds.

“Participating Underwriters” means the underwriters of the Series 2014 Bonds required to comply with the Rule in connection with the offering of the Series 2014 Bonds.

“Repository” means, until otherwise designated by the SEC, EMMA.

“Rule” means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) So long as any Series 2014 Bonds remain outstanding pursuant to the Indenture, Alameda CTC shall, or shall cause the Dissemination Agent to, not later than 195 days following the end of Alameda CTC’s Fiscal Year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2014, provide to the MSRB, through EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as provided by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of Alameda CTC may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year changes for Alameda CTC, Alameda CTC shall give notice of such change in the manner provided under Section 5(e) hereof.

(b) Not later than two (2) Business Days prior to the date specified in subsection (a) for providing the Annual Report to each Repository, Alameda CTC shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from Alameda CTC, the Dissemination Agent shall contact Alameda CTC to determine if Alameda CTC is in compliance with the first sentence of subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report of Alameda CTC has been provided to each Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB each year prior to the date for providing the Annual Report; and

(ii) to the extent known to the Dissemination Agent file a report with Alameda CTC and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. Alameda CTC's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of Alameda CTC for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If Alameda CTC's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The debt service schedule for the Series 2014 Bonds, if there have been any unscheduled redemptions, retirements or defeasances, and the debt service on any additional parity refunding bonds issued, in each case during the prior Fiscal Year.

(c) The actual Sales Tax Revenues and debt service coverage for the prior Fiscal Year consistent with the information set forth in the tables entitled "Historical Sales Tax Revenues" and "Coverage Ratio" under the caption "THE SALES TAX – Historical Sales Tax Revenues" in the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of Alameda CTC or public entities related thereto, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. Alameda CTC shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of Alameda CTC to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to Alameda CTC or to reflect changes in the business, structure, operations, legal form of Alameda CTC or any mergers, consolidations, acquisitions or dispositions made by or affecting Alameda CTC; provided that any such modifications shall comply with the requirements of the Rule.

Section 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 5, Alameda CTC shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2014 Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (1) principal and interest payment delinquencies;
- (2) defeasances;
- (3) tender offers;
- (4) rating changes;
- (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (6) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (7) unscheduled draws on credit enhancements reflecting financial difficulties;
- (8) substitution of credit or liquidity providers or their failure to perform; or
- (9) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding numbered paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for Alameda CTC in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of Alameda CTC, or if such jurisdiction has been assumed by leaving the existing governing body

and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of Alameda CTC.

(b) Pursuant to the provisions of this Section 5, Alameda CTC shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2014 Bonds, if material:

- (1) the consummation of a merger, consolidation or acquisition involving Alameda CTC or the sale of all or substantially all of the assets of Alameda CTC, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions;
- (2) appointment of a successor or additional Trustee or the change of the name of a Trustee;
- (3) non-payment related defaults;
- (4) modifications to the rights of Holders;
- (5) bond calls;
- (6) release, substitution or sale of property securing repayment of the Series 2014 Bonds; or
- (7) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Series 2014 Bonds.

(c) Whenever Alameda CTC obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, Alameda CTC shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If Alameda CTC determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, Alameda CTC shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to the MSRB in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by Alameda CTC to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. Alameda CTC's obligations under this Disclosure Agreement shall terminate upon the legal defeasance or payment in full of all of the Series 2014 Bonds. If such termination occurs prior to the final maturity of the Series 2014 Bonds, Alameda CTC shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 8. Dissemination Agent. Alameda CTC may, from time to time, appoint or engage another Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent; provided, it shall receive written notice of such designation at the time of such designation.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, Alameda CTC may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to Alameda CTC to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent Alameda CTC from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement.

Section 11. Default. In the event of a failure of Alameda CTC or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee shall, at the written request of any Participating Underwriter or of the Holders of at least twenty-five percent (25%) of the aggregate principal amount of the Series 2014 Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or beneficial owner of the Series 2014 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause Alameda CTC or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of Alameda CTC or the

Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not be responsible for the form or content of any notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and Alameda CTC agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of Alameda CTC under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2014 Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to the Disclosure Agreement or the Trustee may be given as follows:

To Alameda CTC: Alameda County Transportation Commission
1111 Broadway, Suite 800
Oakland, California 94607
Attention: Director of Finance
Telephone: (510) 208-7422

To the Dissemination Agent: Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, California 94104
Attention: Corporate Trust
Telephone: (415) 273-2514

To the Trustee: Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, California 94104
Attention: Corporate Trust
Telephone: (415) 273-2514

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Any notice or communication may also be sent by electronic mail, receipt of which shall be confirmed.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of Alameda CTC, the Dissemination Agent, the Participating Underwriters and Holders and beneficial owners from time to time of the Series 2014 Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**ALAMEDA COUNTY TRANSPORTATION
COMMISSION**

By: _____
Executive Director

UNION BANK, N.A.,
as Dissemination Agent

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alameda County Transportation Commission ("Alameda CTC")
Name of Issue: \$137,145,000 Alameda County Transportation Commission Sales Tax
Revenue Bonds (Limited Tax Bonds), Series 2014
Date of Issuance: March 4, 2014

NOTICE IS HEREBY GIVEN that Alameda CTC has not provided an Annual Report with respect to the above-named Bonds as required by this Continuing Disclosure Agreement dated as of February 1, 2014, between Alameda CTC and the Dissemination Agent. Alameda CTC anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

UNION BANK, N.A., as Dissemination Agent, on behalf
of Alameda CTC

cc: Alameda CTC

APPENDIX E

BOOK ENTRY SYSTEM

The information in this Appendix E concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s Book-Entry System has been obtained from DTC and Alameda CTC, the Trustee and the Underwriters take no responsibility for the completeness or accuracy thereof.

Alameda CTC, the Trustee and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants (each as defined below) or others will distribute any (a) payments of principal or purchase price or interest with respect to the Series 2014 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2014 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2014 Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. Alameda CTC, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a beneficial owner with respect to the Series 2014 Bonds or an error or delay relating thereto.

DTC will act as securities depository for the Series 2014 Bonds. The Series 2014 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 bond certificate will be issued for each maturity of each series of the Series 2014 Bonds, in the aggregate principal amount of such maturity, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on this website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 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 2014 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 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2014 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 Series 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy 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 Series 2014 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 2014 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 Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or Alameda CTC, 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 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 2014 Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

Alameda County Transportation Commission
Oakland, California

Alameda County Transportation Commission
Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Alameda County Transportation Commission (the "Issuer") in connection with issuance of \$137,145,000 aggregate principal amount of Alameda County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 (the "Bonds"), issued pursuant to an Indenture, dated as of February 1, 2014, as supplemented by a First Supplemental Indenture, dated as of February 1, 2014 (herein collectively referred to as the "Indenture"), between the Issuer and Union Bank, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, dated the date hereof (the "Tax Certificate"), executed by the Issuer, opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities similar to the Issuer in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability

provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated February 10, 2014, or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

