FIDELITY
CAPITAL
MARKETS

The California Municipal Borrowers Guide

608526.29.0

Fidelity INVESTMENTS

This overview provides information about the major municipal borrowers in the State of California and their bond programs. The borrowers described in this guide include some of the most established and recognized issuers in the municipal market, as well as issuers of bonds under programs that have been established more recently. They reflect the largest and most active issuers in the state, and encompass various types of debt. In many cases, a single borrower may issue debt under multiple programs that are each repaid with a different revenue source; all significant active bonds programs are covered for these borrowers. Individual series or maturities within each of the bond programs may be insured.

Introduction

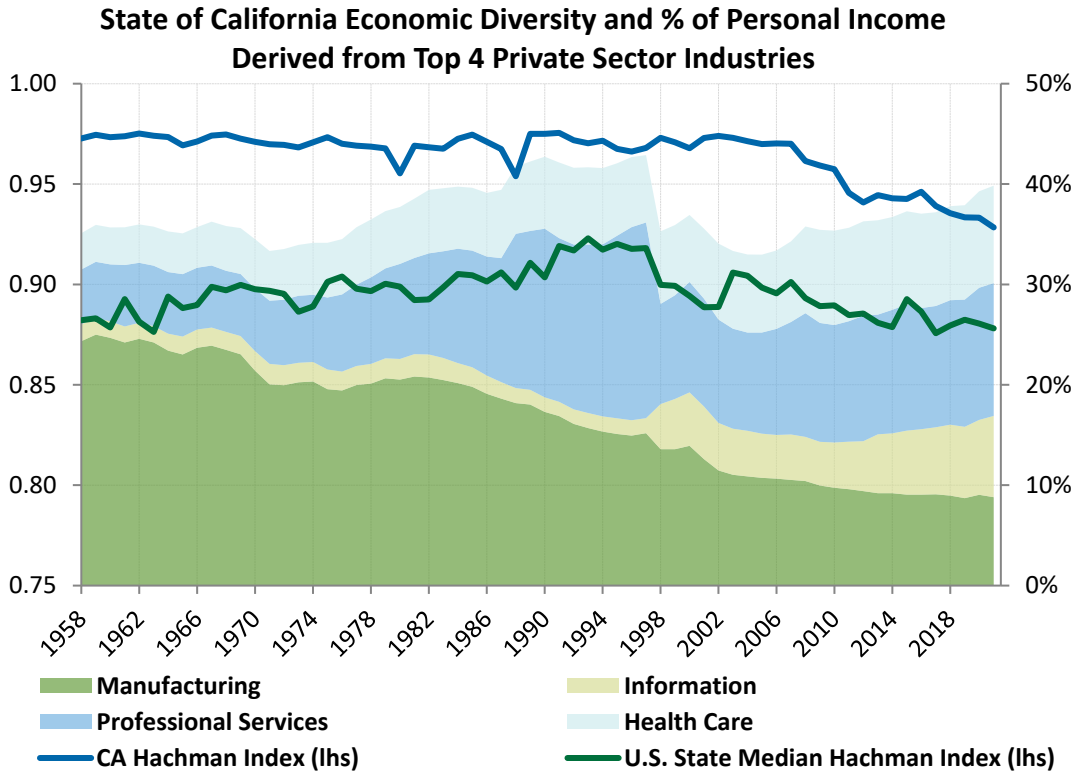
This introduction is intended to provide an overview of the long-term economic and fiscal developments taking place in the State of California. Several factors are weighed and counterbalanced when determining these long-term trends. In terms of the economy, unemployment, job creation, and industry diversity are considered. Trends in the tax base are examined by looking at per capita income, tax burden, and shifts in adjusted gross income into and out of the state. Finally, trends in the state's fiscal position is presented in terms of liabilities and reserves.

Of the 50 state economies, California ranks 4th largest as measured by per capita personal income from all industries. Not only is California's economy large, but it is also highly diversified as well, although economic diversity has declined slightly since peaking in 1991. The measure of the state's overall economic diversity may be derived using the Hachman Index. This is an index of similarity that measures how closely industry earnings of the subject region (California) resembles that of the reference region (United States). The value of the index is between zero and one. As the value of the index approaches one, this means that the subject region's employment distribution among industries is more similar to that of the reference region. If the reference region is the nation, and, given the assumption that the nation's economy is diversified, a larger value of the Hachman Index relative to the nation means that a subject region is more diversified (and therefore less specialized). In 2021, California had a Hachman Index value of 0.93, indicating that its economy closely resembled that of the nation, and was more diversified compared to the median state, which was described by an index value of 0.88. In fact, in terms of the Hachman Index, California's economy has been more diversified than the U.S. state median since the 1950s. Along with the nation, the state has experienced a decline in the share of income earned from the manufacturing sector since the 1950s. While the state has retained a sizable manufacturing industry, more generally, service industries have displaced manufacturing as the drivers of personal income growth. In addition to manufacturing, health care, professional services, and the information sectors were the largest private sector industries in terms of personal income in California in 2021.

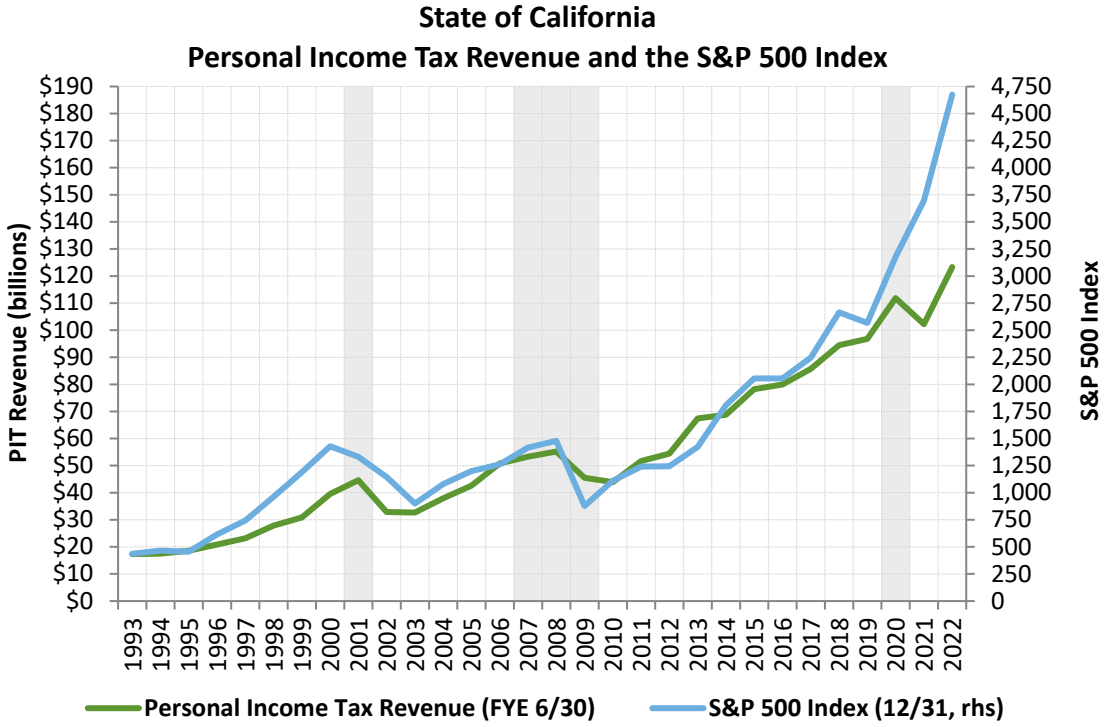
While California's industry mixture provides some stability to the economy, this stability is not paralleled in state revenues due to a highly progressive income tax structure and a reliance on capital gains, which are taxed as ordinary income. Because a small portion of taxpayers are responsible for a large share of the income taxes, California exhibits more revenue volatility relative to other states. Volatility in the state's personal income tax receipts is closely tied to the performance of the capital markets and is evidenced by a correlation coefficient of 0.95 with the Standard and Poor's 500 Index since 1993.

The charts on the following page illustrate the trends in California's economic diversity (Hachman Index), its four largest private sector industries in terms of personal income as of 2021, and in the state's personal income tax revenue.

Introduction



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Fidelity Capital Markets; July 25, 2022



Source: California CAFRs and Official Statements, Robert J. Shiller, Fidelity Capital Markets; July 25, 2022
Note: PIT revenue for fiscal years ending 6/30 is aligned with S&P 500 Index level 6 months earlier (12/31); PIT revenue for 2020 on budgetary basis, all other figures on GAAP basis. Gray bars denote years in which recession occurred.

Introduction

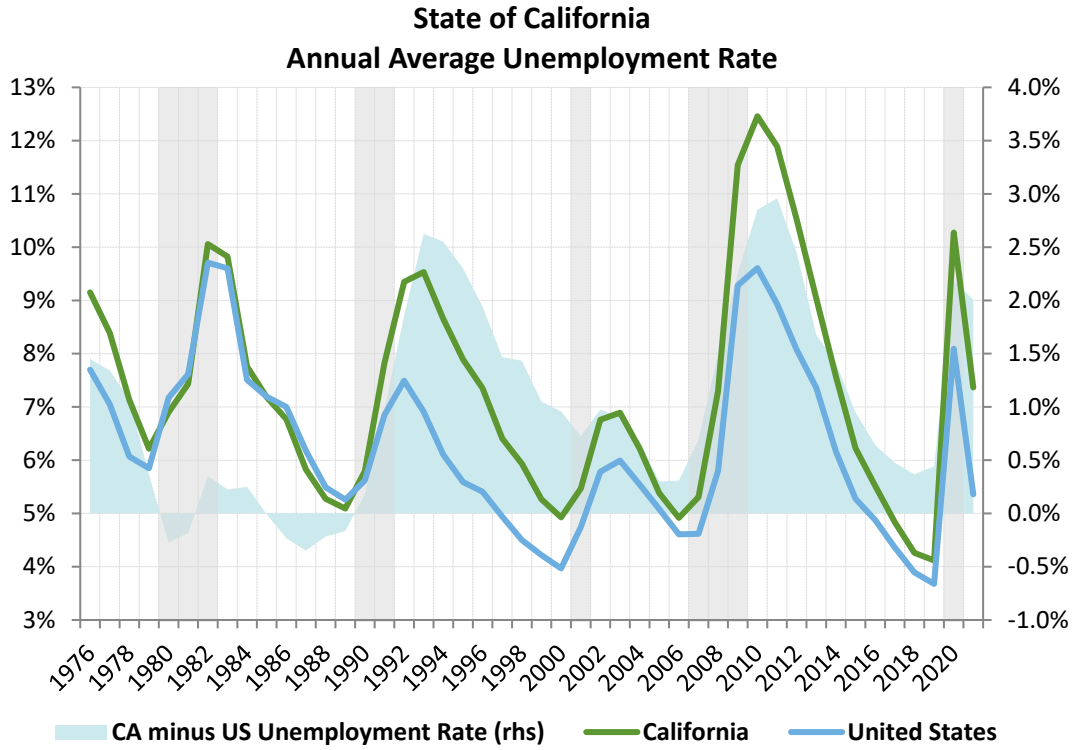
Since the mid-1970s the unemployment rate for California has exhibited a recurring pattern. During national economic recessions and for a period of time thereafter the unemployment rate in California increased faster than in the nation as a whole. The difference between the state's unemployment rate and the nation's has risen to above two percentage points on three occasions since 1976: first, following the early 1990s recession, again following the recession that ended in 2009, and most recently in 2020. Despite the underperformance in this measure during economically weak periods, once the state's unemployment rate began to fall during the subsequent economic recoveries, it has fallen at a faster pace than the nation's.

Another measure of employment health comes from the Census Bureau's Business Dynamics Statistics, which contains the results of a census of business establishments and firms in the U.S. The census includes measures of establishment openings and closings, firm startups, job creation and destruction by firm size, age, and industrial sector, and several other statistics on business dynamics. One such measure is the net job creation rate, which takes into account gross job creation and gross job destruction figures within a year's period, in order to find net job creation rates among businesses of all sizes, both nationally as well as within a given state. Like all aggregate economic statistics, the net job creation rate is not without its flaws, as it fails to capture the quality of jobs being destroyed and created. However, it may be useful in assessing the general trend of business dynamism within a state. The net job creation rates for California and the nation averaged 1.90% and 1.61%, respectively, in the 42-year period ending 2019. Measuring from 2009 through the most current year of the survey (2019), California 's annual average net job creation rate of 1.10% has also been above the nation's 0.88%. Akin to the pattern exhibited with the unemployment rate, the net job creation rate has also underperformed the nation during, and for a period of time after, national economic recessions.

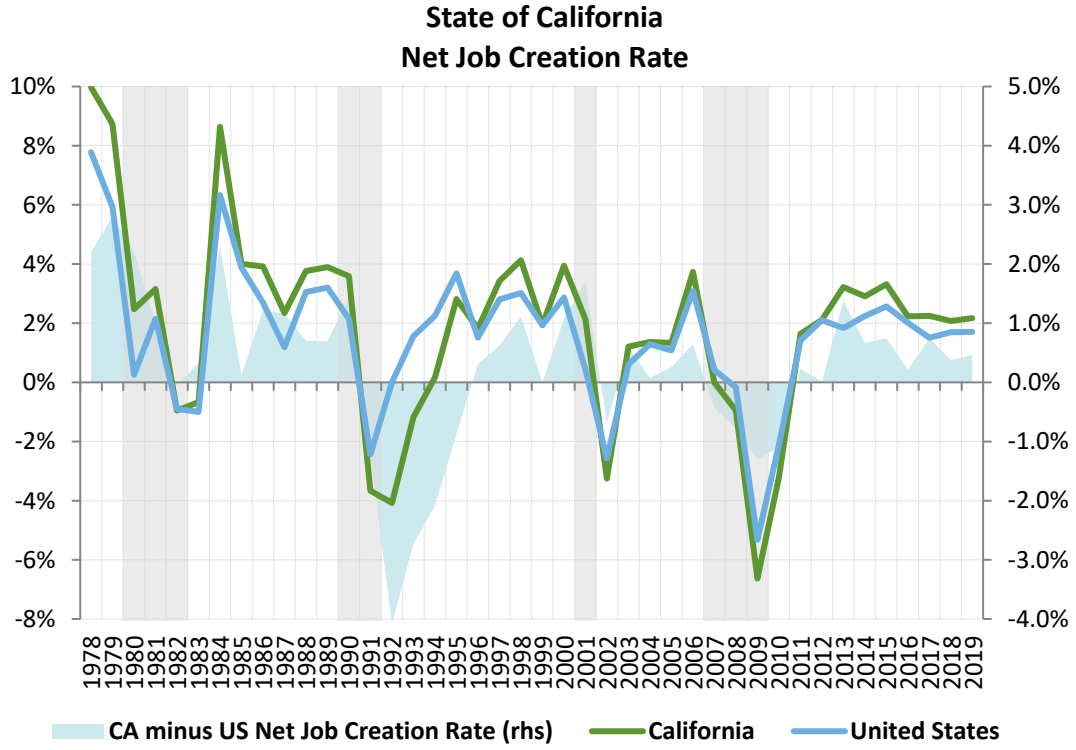
The unemployment rate and net job creation statistics indicate that while California's economy has exhibited more volatility than the nation's since the mid-1970s, it has maintained a more dynamic jobs climate, one that has enabled businesses in the state to readjust relatively quickly to changes taking place in the broader economy. This dynamism may help the state take advantage of any structural labor market changes that take place in the post-pandemic economy.

The charts on the following page illustrate the trend in California's unemployment and net job creation rates.

Introduction



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Fidelity Capital Markets; July 25, 2022
Note: Gray bars denote years in which recession occurred.



Source: Census Bureau, Fidelity Capital Markets; July 25, 2022
Note: Gray bars denote years in which recession occurred.

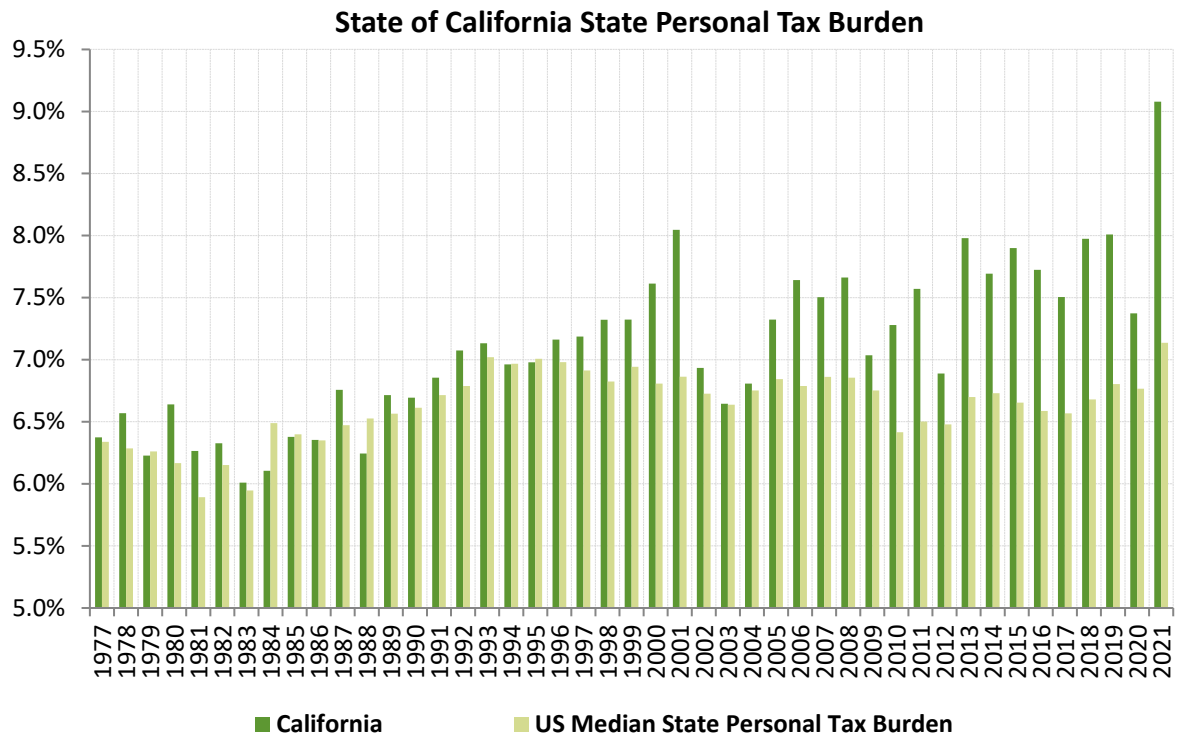
Introduction

California is a wealthy state, having ranked fourth highest in per capita personal income (PCPI) in 2021. The state's PCPI relative to the nation experienced a period of decline from the late-1970s until the mid-1990s. However, since 1995, California's PCPI has generally been rising when compared to the nation, increasing to 120% of the U.S. in 2021, which was the highest since at least 1977. While the state has frequently sported a personal tax burden that exceeded the national median, the gap widened notably in 2021, primarily on account of the state's sharp increase in tax revenue after a jump in personal income and strong stock market gains. The state personal tax burden is calculated by taking total state tax revenue excluding corporate income and severance taxes divided by total state personal income excluding federal transfer receipts. Importantly, the state personal tax burden does not include local taxes such as property and local sales taxes. Since the late 1980s the national median state personal tax burden has generally remained close to its average over the period while California's has fluctuated in a wide range, with 2021 being a big outlier. Prior spikes in the state's personal tax burden have tended to coincide with specific state legislation aimed at closing budget gaps due to significant drops in tax revenue, whereas 2021 was primarily the result of federal stimulus legislation.

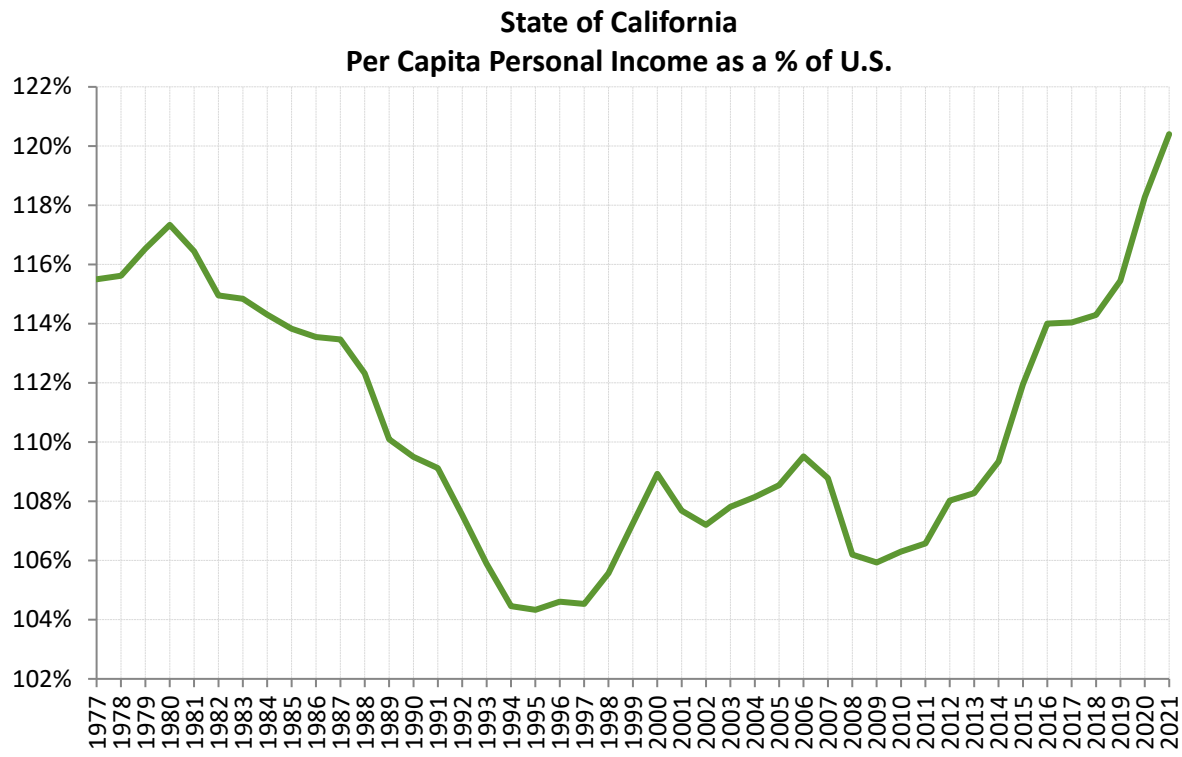
Over the past 20 years higher living costs in the state may have pressured its tax base, which has exhibited outmigration in terms of shifts in adjusted gross income (AGI). Looking solely at changes in a state's population may provide limited value in this regard because it does not directly measure changes in the tax base. Rather, the migration of AGI between and among the states provides a more accurate measure of the trend in a state's tax base in our opinion. The Statistics of Income Division of the IRS maintains records of all individual income tax forms filed in each year, including the state of residence of the filers. The data used to produce the migration statistics come from individual income tax returns and represent between 95% and 98% of total annual filings. One gauge of the degree of movement in a state's tax base is the extent to which it is on the sending or receiving end of AGI migration. The net dollar flow of AGI between California and other states, as well as the number of inflows received from and outflows sent to every other state, provide a good indication of how California's tax base is changing. Since the 2013-2014 period California has exhibited a growing annual net AGI outmigration, culminating in -$18 billion in 2020 as many taxpayers fled the state during the pandemic. However, due to tax base growth, the outflow as a percentage of the tax base appeared less significant at -1.2%, though it was still the second highest since the 1992-1993 period. The state lost part of its tax base to 45 other states, a big jump from 35 the prior year, meaning that it had a net inflow from 5 states in 2020. Until the 2015-2016 period, the trend in terms of breadth had been positive, as the number of states on the receiving end of California's net outmigration had been declining, albeit irregularly, since the early 1990s. However, with the pandemic the trend has definitively reversed.

The charts on the following pages illustrate the trend in the state's per capita personal income, tax burden, and tax base.

Introduction

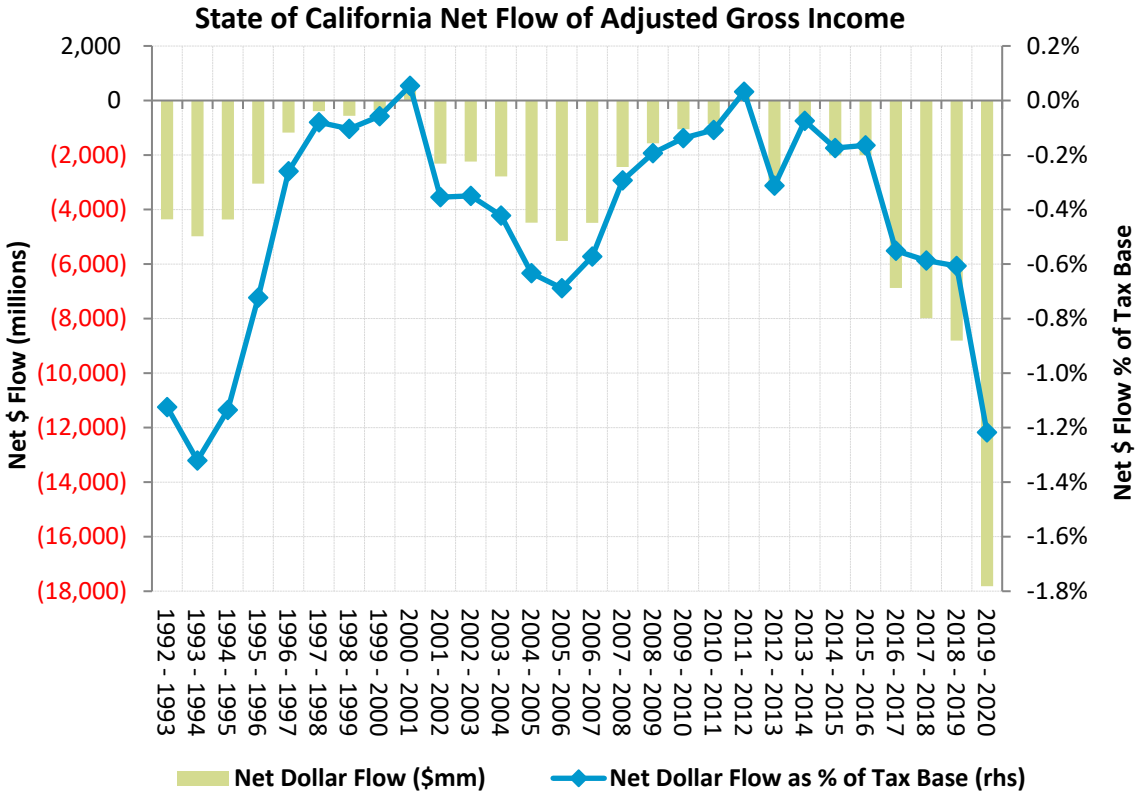


Source: Bureau of Economic Analysis, US Census Bureau, Fidelity Capital Markets; July 25, 2022

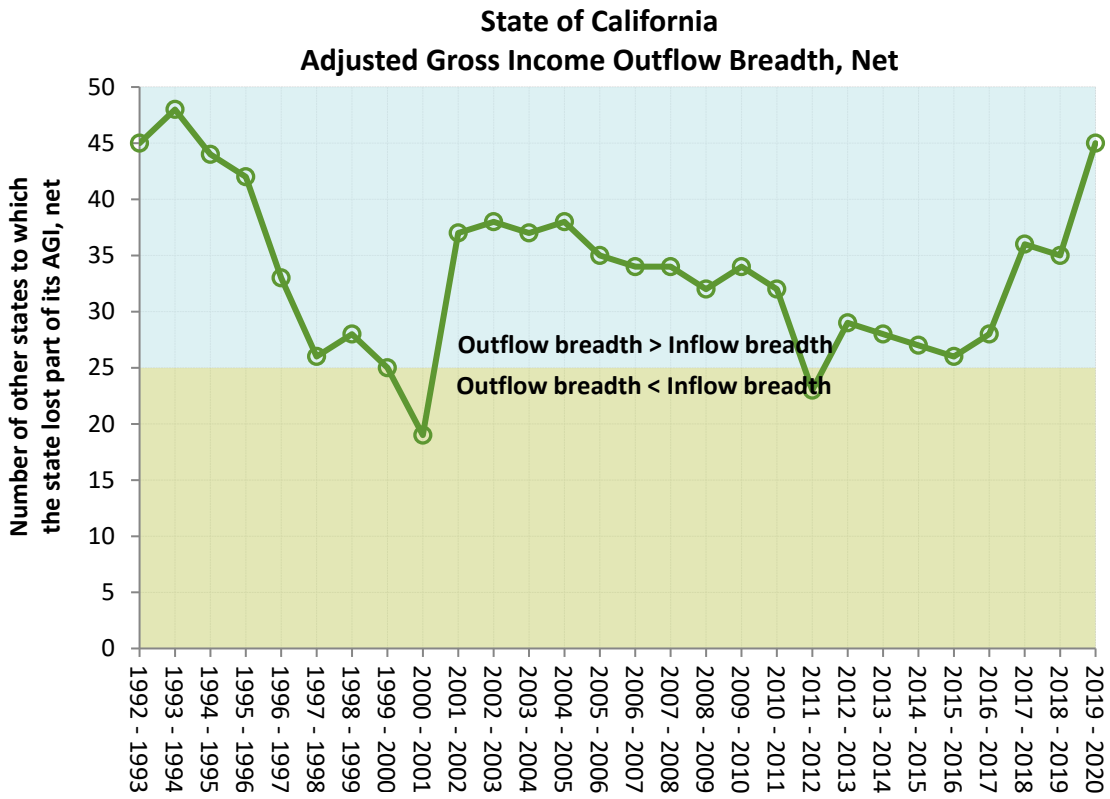


Source: Bureau of Economic Analysis, Fidelity Capital Markets; July 25, 2022

Introduction



Source: IRS, Fidelity Capital Markets; July 25, 2022



Source: IRS, Fidelity Capital Markets; July 25, 2022

Introduction

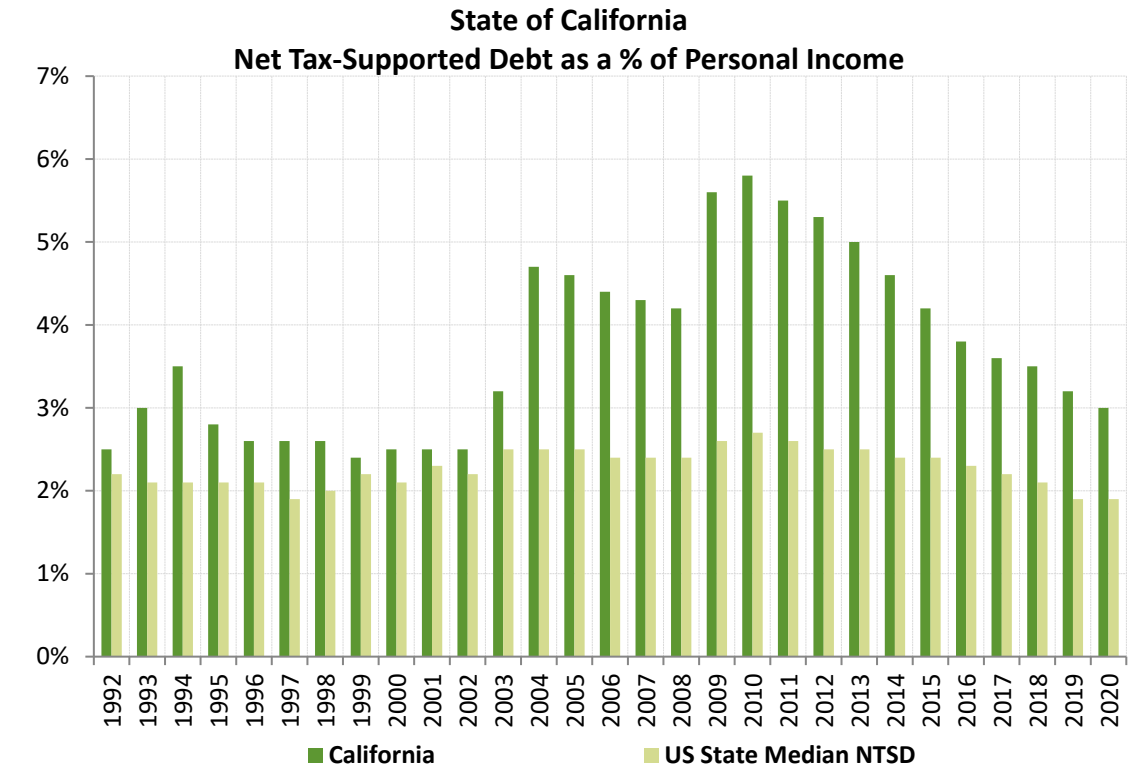
California's wealth and large economy have enabled it to support a large debt burden. Total net tax supported debt (NTSD) of $84 billion was the highest among states, and 21% higher than the next largest state's NTSD (New York). However, relative to personal income, California's NTSD ranked sixteenth, at 3.0%; the median for U.S. states was 1.9%. In relation to the state's personal income, NTSD has steadily declined in recent years, ending 2020 at the lowest level since 2002. Prior spikes in the state's NTSD were driven by deficit financing used to close budget gaps.

Moody's adjusted net pension liability (ANPL) for California was $205 billion in 2020. Most states do not annually set aside 100% of their other post employment benefits (OPEB) actuarially required contribution (ARC), and California is not different in this respect. The state has incurred substantial OPEB commitments, with a Moody's adjusted net OPEB liability (ANOL) at $69 billion. Taken together with NTSD and ANPL, total liabilities represented 11.6% of California's state GDP.

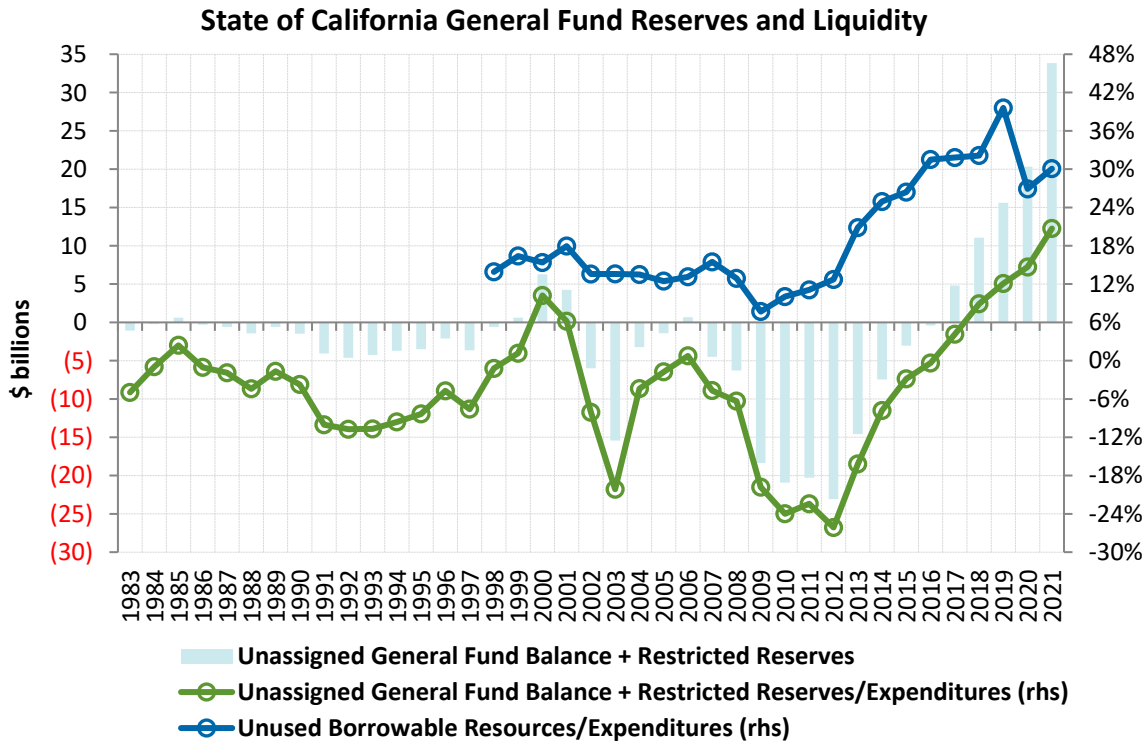
One measure of a state's financial flexibility is its unrestricted reserves and rainy-day fund balances. At fiscal year end 2021, California had estimated unrestricted reserves in its general fund plus restricted rainy-day funds of $34 billion; the combined balance equated to 20.7% of estimated general fund expenditures. Proposition 2, approved by voters in November 2014, replaced the Proposition 58 (2004) version of the rainy-day reserve, and requires that the reserve receive annual transfers from the state's general fund under certain conditions. The general fund balance has improved substantially in recent years after reaching a low of negative $23 billion at fiscal year end 2012, or -26% of general fund expenditures. The state had $49 billion in liquidity at fiscal year end 2021, or 30.1% of estimated general fund expenditures. Liquidity is measured as total unused borrowable resources – excess fund balances held outside the general fund in the state treasury – that are available to the general fund if needed.

The charts on the following page illustrate the trend in the state's net tax supported debt, reserve levels, and liquidity.

Introduction



Source: Moody's, Fidelity Capital Markets; July 25, 2022



Source: California CAFRs and Official Statements, State Dept. of Finance, State Controller, Fidelity Capital Markets; July 25, 2022
Note: General Fund balance, reserves, and expenditures before 1990 and for 2020 on budgetary basis, all other figures on GAAP basis.

Table of Contents

Table of Contents

State of California

General Obligation Bonds

Moody's Aa2 S&P AA- Fitch AA

Purpose

- Bond proceeds were used to finance various infrastructure, environmental, and transportation capital project, in addition to finance projects for public elementary and higher education.

Security

- Full faith and credit obligation of the State of California
- The California constitution requires the designated fiscal officer to set apart from the first revenues received by the state a sufficient sum to pay general obligation bond debt service if the state fails to make sufficient provision for such payment, subject only to the provision in the constitution that creates a higher priority for the support of the public school system and public institutions of higher education.

Anticipated Borrowings

- None specified.
- As of January 1, 2022, the state had $33 billion of general obligation bonds authorized but not issued.

Bonds Outstanding

- $78 billion as of January 1, 2022

State of California Department of Water Resources

Central Valley Project Water System Revenue Bonds

Moody's Aa1 S&P AAA Fitch NR

Purpose

- Bond proceeds were used to fund the State Water Project and to refund certain of the Department's outstanding Water System Revenue Bonds and other items.
- The State Water Project is a complex of dams, water storage facilities and other facilities which have been constructed by the Department for the purpose of water supply, flood control, and other benefits.

Security

- The Bonds are secured by a pledge of Revenues under the Resolution which are the portion of the receipts of the Department under the Water Supply Contracts resulting from the construction, acquisition or operation of Water System Projects, income from the investment of moneys held in the Reserve Fund and certain other moneys received by the Department under the Water Supply Contracts. The Department projects that the Metropolitan Water District of Southern California will account for approximately 50% of pledged revenues.

Rate Covenant

- The Department has covenanted to charge amounts under the Water Supply Contracts sufficient to repay all Water System Project costs, and that Revenues, in each year, after the deduction of maintenance and operation expenses will be least equal to 1.25 times the aggregate debt service on all Bonds in such year.

Bonds Outstanding

$2.6 billion as of June 30, 2020

Central Valley Project Water System Revenue Bonds (cont.)

Moody's Aa1 S&P AAA Fitch NR

Debt Service Reserve Fund

- An amount equal to one-half of MADS.

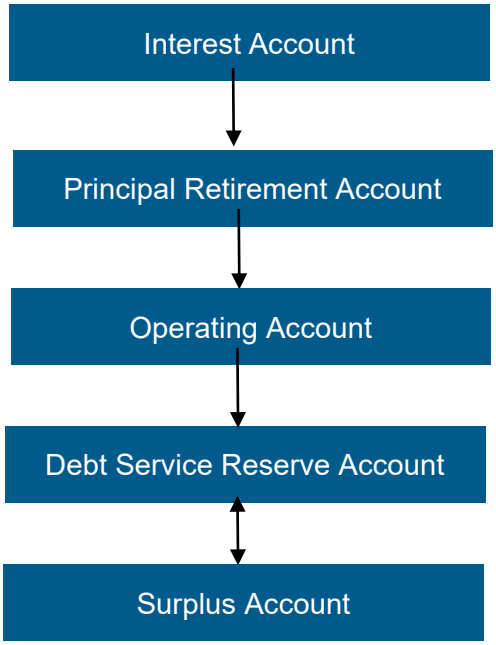
Anticipated Borrowings

- None specified.

Additional Bonds Test

- The Department may issue Additional Bonds on a parity basis for the cost of any Water System Project or for refunding purposes if (1) after the issuance of such Bonds, estimated Revenues in each year will not be less than the sum of 1.25 times debt service to be paid from revenues, plus estimated Water System Operating Expenses, (2) the Debt Service Reserve Account established is projected to contain on the first interest payment date on which interest for such additional Bonds is payable from revenues, an amount equal to one-half of the MADS, and (3) the Treasurer must have received evidence that the issuance of the additional Bonds will not result in the lowering of any rating then assigned to any then outstanding Bonds.

Flow of Funds



Source: Official Statement

State Public Works Board of the State of California

Lease Revenue Bonds

Moody's Aa3 S&P A+ Fitch AA-

Purpose

- Bond proceeds were used to finance and refinance the costs of design, construction, and equipping certain capital improvements to various facilities for various departments including: The Department of Corrections and Rehabilitation, The Regents of the University of California, The Trustees of the California State University Projects, California Community College, and others.

Bonds Outstanding

- $8.5 billion as of January 1, 2022

Anticipated Borrowings

- As of January 1, 2022, the state had $7.2 billion of lease revenue bonds authorized but not issued.

Security

- Each Series of Bonds is separately secured. Each Series of Bonds is secured by a first pledge of Revenues, which consists primarily of Base Rent to be paid by the Participating Agency.
- Each Participating Agency has covenanted to include all rental payments in its annual budget and make necessary annual allocations for all such rental payment. The Governor's Office makes the final determination of all amounts to be included in the annual budget proposed by the Governor to the Legislature.
- The State has covenanted that it will include all rental payments in its annual budget and make necessary annual allocations for all such lease payments. The Act provides a continuing appropriation of moneys from the fund in the state Treasury should the Agency operate without a budget. The Act requires that debt service be allocated from the "first lawfully available funds."

Fidelity INVESTMENTS

Lease Revenue Bonds (cont.)

Moody's Aa3 S&P A+ Fitch AA-

Debt Service Reserve Fund

- The reserve fund requirement is an amount equal to the sum of the greatest of: (1) the sum of the largest single payments of Semi-Annual Debt Service relating to the two Facilities with the largest single payment of the Semi-Annual Debt Service remaining, (2) the sum of the largest single payments of Semi-Annual Debt Service attributable to all Facilities situated within that Locality in the State for which such sum is the largest, (3) 10% of Maximum Aggregate Semi-Annual Debt Service, or (4) the largest payments of Semi-Annual Debt Service remaining for any Interest Payment Date(s) coming due any calendar month; plus (B) an amount not to exceed 1% of the amount calculated under the part above, as determined by the State Treasurer at the time of issuance of any Series.
- Master Indenture Reserve is a shared reserve which may be drawn to cover debt service in the event any lease payments are not available due to construction delay or project abatement that is not covered by the rental interruption insurance.

Security (continued)

- The Lease Agreement between the State and the Participating Agency requires that the Base Rental will be abated proportionately as to the part or portion in the event of damage, destruction or substantial interference with use of the leased facility. The Facility Lease also requires the Participating Agency to maintain rental interruption insurance or use and occupancy insurance to cover loss of the use of the Facility in an amount to cover not less than the succeeding two consecutive years' Base Rental.
- With regard to Community College District obligations, the Chancellor and State Controller will withhold from its annual apportionment of funds from Section B of the State School Fund an amount necessary to satisfy its lease obligation. As a result, the funds used to pay each Community College District's annual lease obligation will be "intercepted" by the state.

The Regents of the University of California

General Revenue Bonds

Moody's Aa2 S&P AA Fitch AA

Purpose

- Bond proceeds were used to finance the acquisition and construction of certain facilities of the University of California including student housing, parking facilities, student centers, recreation and events facilities, research facilities, and other facilities.

Rate Covenant

- The Regents shall set rates to be in the amount sufficient to pay the principal of and interest on the Bonds and amounts due and payable on Ancillary Obligations for the then-current Fiscal Year.

Debt Service Reserve Fund

- None.

Security

- Bonds are secured by a pledge of General Revenues, which consist of operating and non-operating revenues of the University such as gross tuition and fees, indirect cost recovery, auxiliary revenues and certain other unrestricted revenues. Gross Revenues, however, does not include appropriations of the State of California, restricted money, gross revenues of the University Medical Centers, and other items.

Bonds Outstanding

- $14.9 billion as June 30, 2021

Additional Bonds Test

- None.

Anticipated Borrowings

- None anticipated.

Fidelity INVESTMENTS

The Regents of the University of California

Medical Center Pooled Revenue Bonds

Moody's Aa3 S&P AA- Fitch AA-

Purpose

- Bond proceeds were used to finance the acquisition, construction and equipping of certain healthcare facilities of the University of California. The University consists of ten campuses, including five campuses with schools of medicine. The five medical centers are UC Davis, UC Irvine, UCLA, UC San Diego and UC San Francisco.

Security

- Bonds are secured by a pledge of and lien on the Revenues of the five medical centers.

Rate Covenant

- The Regents are required to set rates to be sufficient in each Fiscal Year to pay the principal of and interest on Bonds then Outstanding and amounts due and payable on related Obligations.

Bonds Outstanding

- $4.4 billion as of June 30, 2021

Additional Bonds Test

- None.

Debt Service Reserve Fund

- None.

Anticipated Borrowings

- None specified.

Fidelity INVESTMENTS

The Regents of the University of California

Limited Project Revenue Bonds

Moody's Aa3 S&P AA- Fitch AA-

Purpose

- Bond proceeds were used to finance various projects across University of California campuses.

Security

- Bonds are secured by the gross revenues generated by the projects. The Pledged Revenues also include any other revenues, receipts, income or miscellaneous funds designated by The Regents for the payment of principal of and interest on the bonds.

Rate Covenant

- The Regents are required to set rates to be sufficient in each Fiscal Year so that Pledged Revenues are not less than 1.10 times the Aggregate Debt Service for the then-current Fiscal Year on all Indebtedness secured by a Parity Lien.

Bonds Outstanding

- $5.8 billion as of June 30, 2021

Additional Bonds Test

- None.

Debt Service Reserve Fund

- None.

Anticipated Borrowings

- None specified.

Fidelity INVESTMENTS

Trustees of the California State University

Systemwide Revenue Bonds

Moody's Aa2 S&P AA- Fitch NR

Purpose

- Bond proceeds were used to finance and refinance the acquisition, construction, renovation, and improvement of certain facilities of the California State University.

Security

- Bonds are secured on a parity basis by a first lien on and pledge of Gross Revenues, which consist primarily of user fees collected from students attending CSU campuses.

Rate Covenant

- The Trustees has covenanted to maintain and set rates so as to cause Net Income Available for Debt Service to be in an amount at least equal to Aggregate Debt Service for all Indebtedness and Designated Auxiliary Debt for such Fiscal Year.

Debt Service Reserve Fund

- None.

Bonds Outstanding

- $7.9 billion as of June 30, 2021

Additional Bonds Test

- The Trustees have covenanted that they will not incur any additional indebtedness secured by a senior lien.
- The Board may issue Parity Lien debt in the event Net Income Available for Debt Service is at least equal to Aggregate Debt Service of all Senior Lien Debt and Parity Lien Debt.

Anticipated Borrowings

- None specified.

California Housing Finance Agency

Home Mortgage Revenue Bonds

Moody's Aa3 S&P AA Fitch NR

Purpose

- The Bonds provide financing for the Agency's Home Mortgage Program which purchases eligible mortgage loans, secured by trust deeds on newly constructed or existing single-family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land.

Security

- The Bonds are special obligations of the Agency, payable solely from the revenues, assets and properties pledged under the Home Mortgage Revenue Bond Indenture, including the single-family mortgage loans financed under the Indenture and certain reserve accounts.

Debt Service Reserve Fund

- The Reserve Account is sized at 3% of the aggregate outstanding principal amount of mortgage loans outstanding.

Bonds Outstanding

- $493 million as of June 30, 2020

Anticipated Borrowings

- None specified.

California Department of Veterans Affairs

General Obligation Bonds

Moody's Aa2 S&P AA Fitch AA

Purpose

- Bond proceeds were used to finance Contracts of Purchase to provide mortgage loans to qualified borrowers.

Debt Service Reserve Fund

- None.

Bonds Outstanding

- $768 million as of June 30, 2020

Anticipated Borrowings

- None specified.

Security

- The Bonds are first payable from monies transferred from the Veterans Farm and Home Building Fund of 1943 ("1943 Fund") into the Veterans Bond Payment Fund and to the extent moneys in the Veterans Bond Payment Fund are insufficient from the General Fund of the State.
- On each debt service payment date monies in the 1943 Fund are legally required to first be transferred to the Veterans Bond Payment Fund within the State Treasury to pay debt service on the Veterans G.O. Bonds. Only after the transfer of the full debt service payment on the Veterans G.O. Bonds has been made can the debt service on the Veterans Revenue Bonds be satisfied with funds from the 1943 Fund.

California Department of Veterans Affairs

Home Purchase Revenue Bonds

Moody's Aa3 S&P AA Fitch AA-

Purpose

- Bond proceeds were used to finance Contracts of Purchase to provide mortgage loans to qualified borrowers.

Debt Service Reserve Fund

- The Bond Reserve Account is sized at 3% of the aggregate outstanding principal amount of all fixed rate Bonds.

Bonds Outstanding

- $371 million as of June 30, 2020

Anticipated Borrowings

- None specified.

Security

- The Bonds are special obligations of Department secured by a secondary and subordinate interest in the Veterans Farm and Home Building Fund of 1943 ("1943 Fund"). The payment structure makes the Bonds' interest in the 1943 Fund secondary and subordinate to the Veterans General Obligation Bonds.
- On each debt service payment date monies in the 1943 Fund are legally required to first be transferred to the Veterans Bond Payment Fund within the State Treasury to pay debt service on the Veterans G.O. Bonds. Only after the transfer of the full debt service payment on the Veterans G.O. Bonds has been made can the debt service on the Veterans Revenue Bonds be satisfied with funds from the 1943 Fund.

Fidelity INVESTMENTS

East Bay Municipal Utility District

Wastewater System Revenue Bonds

Moody's Aa1 S&P AAA Fitch AA+

Purpose

- Bond proceeds were used to finance improvements to the wastewater system, retire a certain amount of the District's Commercial Paper Notes, and pay the costs of the issuance of certain Bonds.

Rate Covenant

- The District covenants that it will at all times set rates such that Net Revenues of the Wastewater System will provide at least 1.1 times the amount of Debt Service on all Senior Wastewater Bonds, Subordinated Wastewater Bonds and Parity Debt for such Fiscal Year.

Debt Service Reserve Fund

- Reserve funds are established on a series by series basis. Reserve funds established in connection with one series are not available for the payment of, and do not in any manner secure, any other series.

Anticipated Borrowings

- None specified.

Security

- The Bonds are secured by Net Wastewater Revenues of the District and are subordinate to any of the District's Senior Wastewater Bonds. There are no Senior Wastewater Bonds currently outstanding and the District has covenanted that it will not issue any Senior Wastewater Bonds.

Bonds Outstanding

- $348 million as of June 30, 2021

Additional Bonds Test

- Additional Bonds may be issued if: the sum of (1) the Net Revenues for any period of 12 consecutive months during the 18 months preceding the issuance of such additional series of Bonds; plus (2) 90% of the amount by which the Net Revenues would have been increased had any increase in rates and charges been in effect for a full year; plus (3) 75% of the projected increase in annual Net Revenues to be provided by additional facilities under construction or to be constructed, shall have been equal to at least 1.1 times MADS of the debt outstanding and the proposed debt.

Fidelity INVESTMENTS

East Bay Municipal Utility District

Water System Revenue Bonds

Moody's Aaa S&P AAA Fitch AA+

Purpose

- Bond proceeds were used to finance improvements to the Water System, retire a certain amount of the District's Commercial Paper Notes, and pay the costs of the issuance of certain Bonds.

Rate Covenant

- The District covenants that it will at all times set rates such that Net Revenues of the Water System will provide at least equal to 1.1 times the amount of Debt Service on all Senior Water Bonds, Subordinated Water Bonds and Parity Debt for such Fiscal Year.

Debt Service Reserve Fund

- Reserve funds are established on a series-by-series basis. Reserve funds established in connection with one series are not available for the payment of, and do not in any manner secure, any other series.

Anticipated Borrowings

- None specified.

Security

- The Bonds are secured by a Net Water Revenues of the District. There are no Senior Water Bonds currently outstanding and the District has covenanted that it will not issue any Senior Water Bonds.

Bonds Outstanding

- $2.3 billion as of June 30, 2021

Additional Bonds Test

- Additional Bonds may be issued if: the sum of (1) the Net Revenues for any period of 12 consecutive months during the 18 months preceding the issuance of such additional series of Bonds; plus (2) 90% of the amount by which the Net Revenues would have been increased had any increase in rates and charges been in effect for a full year; and (3) 75% of the projected increase in annual Net Revenues to be provided by additional facilities under construction or to be constructed, shall have been equal to at least 1.1 times MADS of the debt outstanding and proposed debt.

Fidelity INVESTMENTS

City of Los Angeles

General Obligation Bonds

Moody's Aa2 S&P AA Fitch AAA

Purpose

- Bond proceeds were used to finance various projects for the purpose of the protection of public health and safety, animal shelter facilities, construction of new and replacement emergency response, cleaning up polluted storm water, and other purposes.

Security

- Bonds are secured by the full faith and credit of the City of Los Angeles, payable from proceeds of ad valorem taxes that may be levied without limitation as to rate or amount.

Anticipated Borrowings

- None specified.

Bonds Outstanding

- $627 million as of June 30, 2021

Municipal Improvement Corporation of Los Angeles

Lease Revenue Bonds

Moody's Aa3 S&P AA- Fitch AA-

Purpose

- Bond proceeds were used to finance and refinance the costs of acquisition of certain capital equipment and an office building complex and parking structure used by the City and to reimburse the City for internal borrowings relating to the acquisition of Figueroa Plaza.

Debt Service Reserve Fund

- None.

Security

- The Bonds are secured by Pledged Revenues, which consists of Basic Lease Payments made pursuant to the Lease Agreements. The Basic Lease Payment payable under a Lease Agreement relating to a particular Series of Bonds shall not be applied to pay principal and interest on any other Series of Bonds. Under the Lease Agreements, the City covenants to include all Lease Payments payable under the Equipment Lease Agreement and the Facility Lease Agreement in its annual budgets and make necessary annual appropriation.

Bonds Outstanding

- $1.4 billion as of June 30, 2021

Additional Bonds Test

- None.

Anticipated Borrowings

- None specified.

Los Angeles Unified School District

General Obligation Bonds

Moody's Aa3 S&P A+ Fitch AA+

Purpose

- Bond proceeds were used to finance new construction, acquisition, rehabilitation and upgrading of various school facilities.

Security

- The general obligation bonds are secured by an unlimited property tax pledge upon all taxable property within the district boundaries.
- Debt service is secured by the district's voter-approved unlimited property tax pledge. The county rather than the district will levy, collect, and disburse the district's property taxes, including the portion constitutionally restricted to pay debt service on general obligation bonds.

Bonds Outstanding

- $10.9 billion as of June 30, 2021

Anticipated Borrowings

- None specified.

Los Angeles County Metropolitan Transportation Authority

Proposition A Sales Tax Revenue Bonds
First Tier Senior Bonds

Moody's Aa1 S&P AAA Fitch NR

Purpose

- Bond proceeds were used to fund various public transit projects.

Additional Bonds Test

- The Authority may issue additional Bonds if 35% of the Proposition A Sales Tax collected for any 12 consecutive months out of 18 consecutive months immediately preceding the issuance was at least equal to 115% of MADS.

Anticipated Borrowings

- The Short Range Financial Forecast assumes the issuance of approximately $715 million of Proposition A Bonds from fiscal year 2023 through fiscal year 2032.

Security

- Bonds are secured by a first lien on and a pledge of Revenues, which are moneys collected from the imposition of the Proposition A Sales Tax, less 25% paid to local jurisdictions for local transit purposes and administration fees.
- The Proposition A Sales Tax was approved by voters on November 4, 1980. It imposes a sales tax of one-half of 1% of gross receipts of retailers from the sale of tangible personal property sales and on the storage, use or other consumption in the County.

Bonds Outstanding

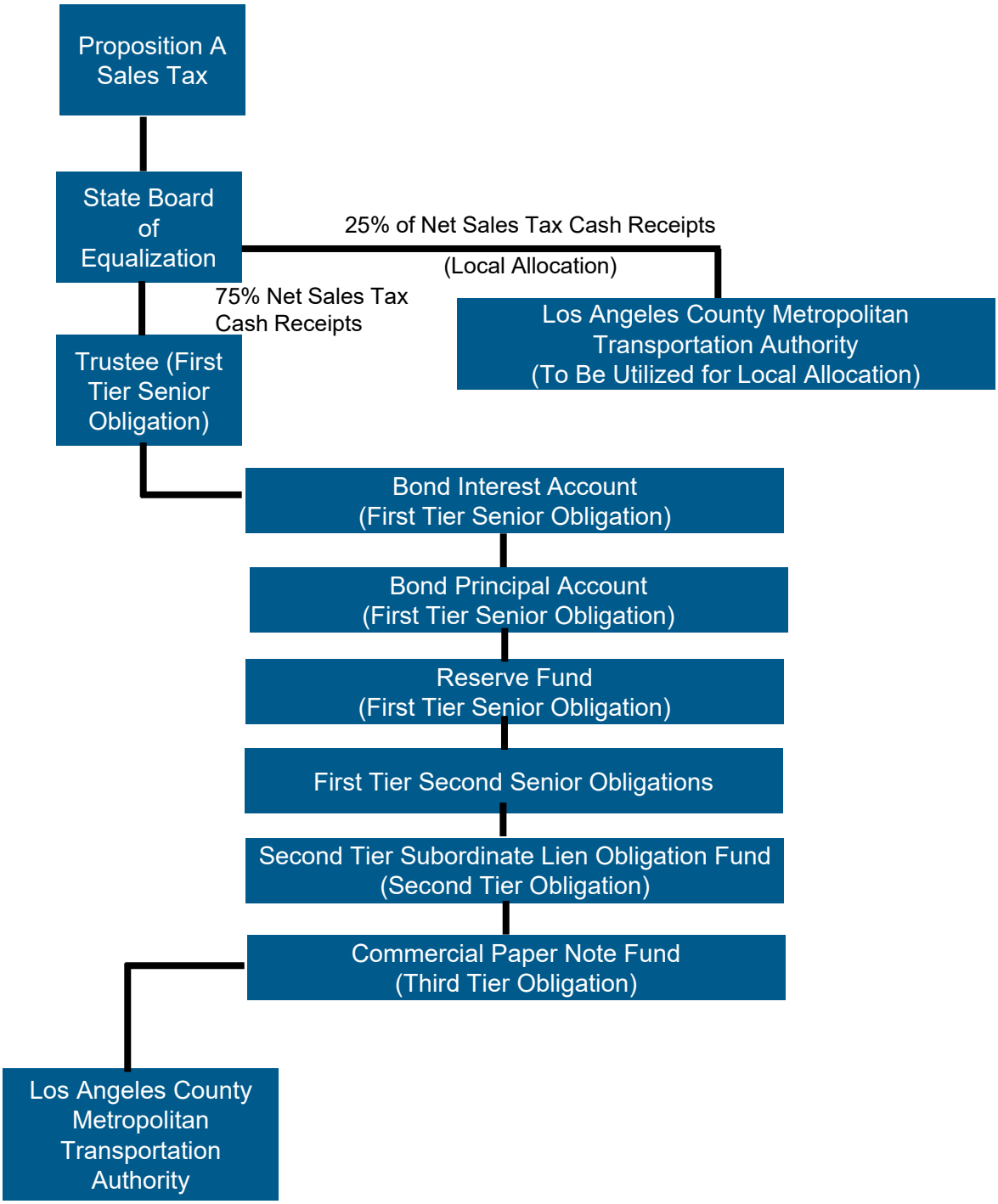
- $847 million as of May 1, 2022

Debt Service Reserve Fund

- Required to be equal to MADS.

Fidelity INVESTMENTS

Proposition A Sales Tax Revenue Bonds Flow of Funds



Source: Official Statement

Los Angeles County Metropolitan Transportation Authority

Proposition C Sales Tax Revenue Bonds
Senior Bonds

Moody's Aa1 S&P AAA Fitch AA+

Purpose

- Bond proceeds were used to fund various public transit projects.

Debt Service Reserve Fund

- Only series issued prior to 2016 have funded a DSRF in an amount equal to the least of 10% of proceeds; MADS; or 125% of AADS. Subsequent series do not have a DSRF.

Additional Bonds Test

- Additional Senior Bonds may be issued if: the Pledged Revenues collected for the any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance were at least equal to 130% of MADS.
- There is another limit on the issuance of additional Senior Lien Bonds under the Authority's debt policy that may be more restrictive than the Additional Bonds Test. However, the Authority is not obliged to maintain such a limit and may modify it at any time.

Security

- Bonds are secured by a senior lien on and a pledge of Revenues, which are moneys collected as a result of the imposition of the Proposition C Sales Tax, less 20% payable to local jurisdictions for local transit purposes and administrative fees.
- The Proposition C Sales Tax was approved by voters on August 8, 1990. It imposes a sales tax of one-half of 1% of gross receipts of retailers from the sale of tangible personal property sold at retail and on the storage, use or other consumption in the County.

Bonds Outstanding

- $1.9 billion as of May 1, 2022

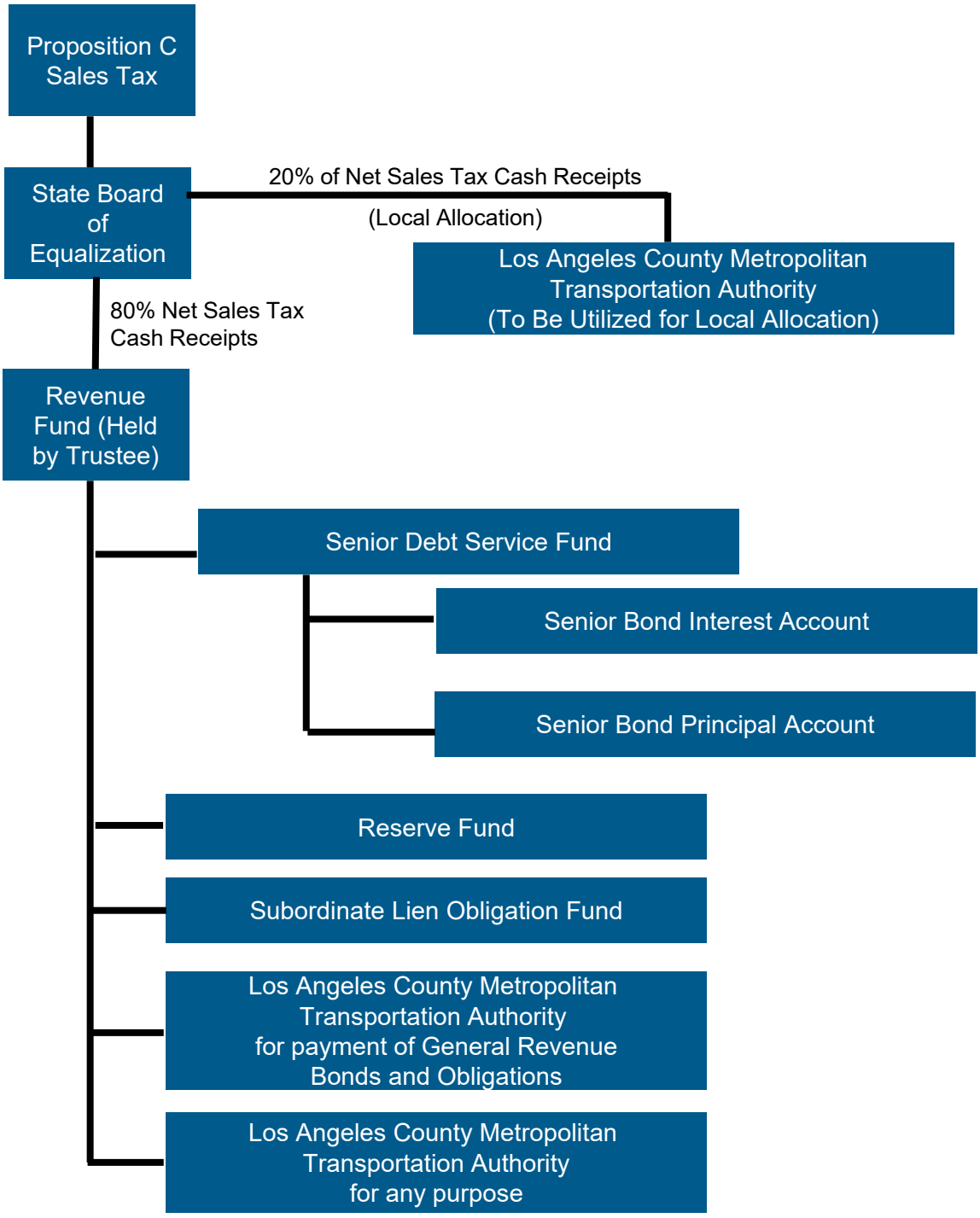
Anticipated Borrowings

- The Short Range Financial Forecast assumes the issuance of approximately $1.3 billion Proposition C Bonds from fiscal year 2023 through fiscal year 2032.

Fidelity INVESTMENTS

Los Angeles County Metropolitan Transportation Authority

Proposition C Sales Tax Revenue Bonds Flow of Funds



Source: Official Statement

Los Angeles County Metropolitan Transportation Authority

Measure R Sales Tax Revenue Bonds
Senior Bonds

Moody's Aa1 S&P AAA Fitch NR

Purpose

- Bond proceeds were used to fund Measure R capital program including construction of and acquisition of railcars for the Crenshaw/LAX light rail line.

Additional Bonds Test

- The Authority may issue additional Bonds if a) the Pledged Revenues collected for any 12 consecutive months out of 18 consecutive months immediately preceding the issuance were at least equal to 250% of MADS; b) the additional bond series has a dedicated Reserve Fund; c) the terms of the additional bond series largely comport with the existing indenture and do not violate any debt limitations established by Measure R; d) while certain subordinate indebtedness is outstanding Pledged Revenues must equal at least 125% of annual Debt Service on all outstanding Junior Lien Obligations in each fiscal year and in any fiscal year that Senior Bonds are outstanding that Measure R Sales Tax revenues attributable to any expenditure category described in the Measure R Ordinance is not less than 110% of total Debt Service; and e) while certain subordinate indebtedness is outstanding the issuance of additional Senior Bonds must not result in the downgrade of the then-existing credit rating of such subordinate indebtedness.

Security

- Bonds are secured by a first lien on and a pledge of Revenues, which are moneys collected from the imposition of the Measure R Sales Tax, less 15% paid to local jurisdictions for local transit purposes and administration fees.
- The Measure R Sales Tax was approved by voters on November 4, 2008. It imposes a sales tax of one-half of 1% of gross receipts of retailers from the sale of tangible personal property sales and on the storage, use or other consumption in the County.

Bonds Outstanding

- $1.5 billion as of May 1, 2022

Anticipated Borrowings

- The Short Range Financial Forecast assumes the issuance of approximately $2.2 billion Measure R Bonds from fiscal year 2023 through fiscal year 2032.

Debt Service Reserve Fund

- None.

Los Angeles County Metropolitan Transportation Authority

Measure R Sales Tax Revenue Bonds
Junior Subordinate Bonds

Moody's NR S&P AA Fitch AA

Purpose

- Bond proceeds were used to the fund Measure R capital program.

Additional Bonds Test

- The Authority may issue additional Bonds if a) the Pledged Revenues collected for any 12 consecutive months out of 18 consecutive months immediately preceding the issuance were at least equal to 150% of MADS on all Senior, Subordinate and Junior Subordinate Bonds then outstanding and proposed to be issued; and b) Measure R Sales Tax revenues attributable to any expenditure category described in the Measure R Ordinance is not less than 110% of total Debt Service.

Security

- Bonds are secured by a lien on and a pledge of Revenues, which are moneys collected from the imposition of the Measure R Sales Tax, less 15% paid to local jurisdictions for local transit purposes and administration fees, and only after making all deposits and payments due on the Senior and Subordinate Bonds.
- The Measure R Sales Tax was approved by voters on November 4, 2008. It imposes a sales tax of one-half of 1% of gross receipts of retailers from the sale of tangible personal property sales and on the storage, use or other consumption in the County.

Bonds Outstanding

- $1.4 billion as of June 30, 2021

Anticipated Borrowings

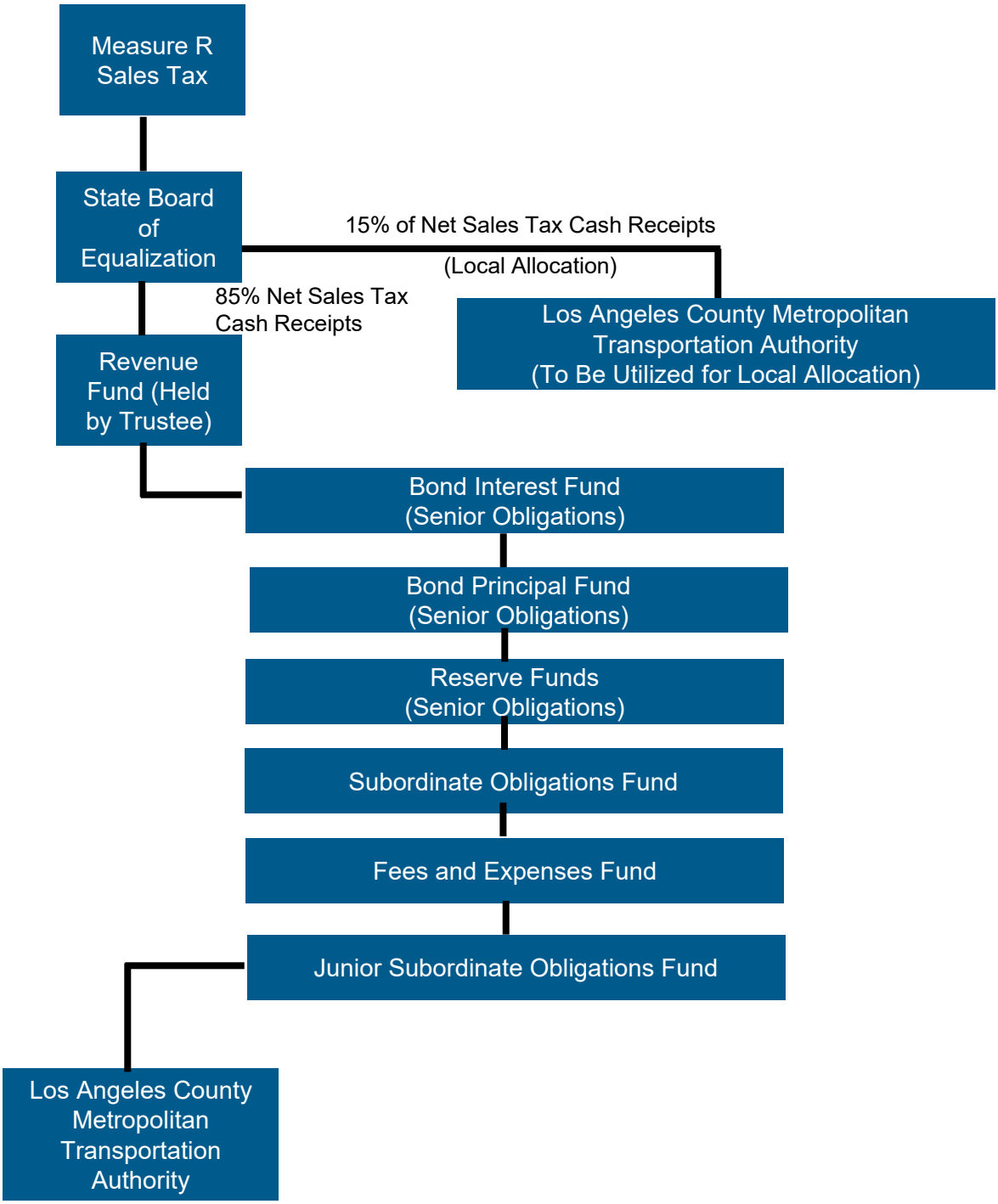
- The Short Range Financial Forecast assumes the issuance of approximately $2.2 billion Measure R Bonds from fiscal year 2023 through fiscal year 2032.

Debt Service Reserve Fund

- None.

Fidelity INVESTMENTS

Measure R Sales Tax Revenue Bonds Flow of Funds



Source: Official Statement

Harbor Department of the City of Los Angeles

Revenue Bonds

Moody's Aa2 S&P AA Fitch AA

Purpose

- Bond proceeds were used to refund the Department's outstanding commercial paper notes and previously issued Bonds which were originally issued to finance the construction of any improvements to certain facilities owned by the Department.

Rate Covenant

- The Department has covenanted to fix rates and collect such charges to provide revenues which will at least equal 125% of Debt Service.

Debt Service Reserve Fund

- An amount equal to the lesser of 125% of average annual principal of and interest on the Bonds, the maximum aggregate annual principal of and interest on the Bonds, and 10% of the proceeds of the Bonds.

Additional Borrowings

- None specified.

Security

- The Bonds are secured by a senior lien, Net Revenue pledge of the City of Los Angeles. Bonds shall be payable out of the Revenues deposited into the Harbor Revenue Fund, which consists of all fees and revenues collected by the Department in connection with its possession, management and control of the Harbor District and Assets.

Bonds Outstanding

- $666 million as of June 30, 2021

Additional Bonds Test

- Additional parity obligations may be issued in the event that the Net Revenues for any consecutive 12-month period during the 18-month period preceding the date of adoption will have produced a sum equal to at least 125% of Debt Service and Net Revenues for any consecutive 12-month period during the 18-month period preceding the date of execution will have produced a sum equal to at least 125% of AADs of the Bonds outstanding and proposed debt.

Fidelity INVESTMENTS

Wastewater System Revenue Bonds

Moody's Aa2 S&P AA+ Fitch AA+

Purpose

- Bond proceeds were used to fund the construction and improvement of the wastewater collection and treatment system of L.A. and to refund a portion of the City's Outstanding Wastewater System Revenue Bonds.

Rate Covenant

- The City must fix and collect rates in connection with the use of the System so that in each Fiscal Year Revenues must be sufficient to pay: the interest on and principal of the Outstanding Bonds; all other payments required for compliance; all other payments to meet any other obligations of the City which are payable from the Revenues; and all current operation and maintenance costs of the System. The City further agrees to establish rates such that Net Revenues are equal to at least 125% of the actual debt service.

Additional Borrowings

- None specified.

Bonds Outstanding

- $2.5 billion as of June 30, 2021

Security

- The Bonds are secured by certain revenues of the City's wastewater system. The City has pledged the Revenues to secure the payment of all Bonds. The Revenues are deposited in the Sewer Construction and Maintenance Fund held by the City Treasurer. Revenues include such items as service charges, fees, and other items but excludes property taxes, other taxes, grants, investment earnings and money for capital costs.

Additional Bonds Test

- Additional Bonds may be issued if the City obtains a certificate prepared by a Consultant showing that (i) Net Revenues for the immediately preceding fiscal year or 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Bonds provides at least equal to 125% MADS coverage on the Bonds outstanding and the proposed debt, and (ii) that estimated Net Revenues for the fiscal year immediately following the date of issuance will be at least equal to 125% of MADS for all outstanding Bonds.

Department of Water and Power of the City of Los Angeles

Water System Revenue Bonds

Moody's Aa2 S&P AA+ Fitch AA

Purpose

- Bond proceeds were used to finance capital improvements to the Water System.

Rate Covenant

- The Department shall set rates such that revenues and other available funds will be at least sufficient to pay the principal of and interest on all outstanding Bonds and other indebtedness payable out of the Water Revenue Fund and O & M expenses.

Security

- The Bonds are special obligations of the Department payable only from the Water Revenue Fund, and not out of any other fund or moneys of the Department or the City. The Water Revenue Fund is a separate fund established by the Charter in the City Treasury. All revenues collected by the Department in connection with the Water System are to be deposited in the Fund.

Debt Service Reserve Fund

- None.

Bonds Outstanding

- $5.4 billion as of June 30, 2021

Anticipated Borrowings

- The Department expects to issue between $291 million and $700 million of new debt annually for its 2023-2027 capital program.

Additional Bond Test

- The Department may issue Additional Parity Obligations if for any 12 consecutive month period within the 18 consecutive moth period immediately prior to the issuance, Additional Parity Obligations shall have amounted to 1.25 times the maximum annual adjusted debt service on all outstanding additional parity obligations.

Department of Water and Power of the City of Los Angeles

Power System Revenue Bonds

Moody's Aa2 S&P AA- Fitch AA-

Purpose

- Bond proceeds were used to provide funds to pay costs of capital improvements to the Power System.

Rate Covenant

- Pursuant to the Bond Resolution, the Board will fix rates and collect charges for service from the Power System, shall be at least sufficient to pay the principal of and interest on the Outstanding Bonds and all other indebtedness payable out of the Power Revenue Fund.

Debt Service Reserve Fund

- None.

Additional Borrowings

- The Department expects to issue between $631 million and $2.3 billion of new debt annually for its 2023-2027 capital program.

Security

- The Bonds are payable from the Power Revenue Fund. The Power Revenue Fund is a separate fund established by the Charter in the City Treasury. All revenues from every source collected by the Department in connection with the possession, management and control of the Power System are deposited in the Fund.

Bonds Outstanding

- $10.1 billion as of June 30, 2021

Additional Bonds Test

- Additional Parity Obligations may be issued if the Adjusted Net Income for any 12 consecutive month period within the 18 consecutive months ending immediately prior to the issuance of such debt shall have been at least 1.25 times the MADS of the debt outstanding and additional debt.

Metropolitan Water District of Southern California

Water Revenue Bonds

Moody's Aa1 S&P AAA Fitch AA+

Purpose

- The District issues Bonds to fund its on-going capital improvement program in the District's service area, which comprises approximately 5,200 square miles including portions of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura.

Security

- The Bonds are secured by the District's pledge of Net Operating Revenues. Net Operating Revenues are revenues received by the District from charges for the sale or availability of water after payment of Operation and Maintenance Expenditures.

Rate Covenant

- The District will set rates such that Net Operating Revenues, together with any Additional Revenues, will be at least sufficient to pay interest on and principal of the Outstanding Bonds and Parity Obligations.

Debt Service Reserve Fund

- On a series-by-series basis.

Anticipated Borrowings

- None specified.

Bonds Outstanding

- $4.0 billion as of June 30, 2021

Additional Bonds Test

- The District may issue Refunding Bonds or Parity Obligations if: (1) either the Net Operating Revenues for any 12 consecutive month period within the last completed 24-month period or the estimated Net Operating Revenues for the first completed fiscal year shall be at least 1.2x MADS in any Fiscal Year; (2) the amount of outstanding Bonds and other indebtedness may not exceed 15% of the assessed value of all taxable property within the District; and (3) the amount of net assets of the District at the end of the last fiscal year prior to the issuance equals at least 100% of the aggregate amount of water revenue Bonds outstanding.

Sacramento County Sanitation Districts Financing Authority

Revenue Bonds

Senior:	Moody's Aa2	S&P AA+	Fitch AA+
Subordinate:	Moody's Aa2	S&P AA	Fitch A+

Purpose

- Bond proceeds were used primarily to finance or reimburse the costs of the acquisition and construction of certain improvements to the Sanitation System.

Rate Covenant

- The Authority shall set rates whereby the Adjusted Annual Net Revenues for such Fiscal Year will equal at least: (1) 120% of debt service for Senior Bonds; (2) 110% of debt service for Senior and Subordinate Bonds; and (3) 100% of all obligations of the District payable in such Fiscal Year.

Debt Service Reserve Fund

- None.

Additional Borrowings

- None specified.

Bonds Outstanding

- Senior: $1.3 billion as of June 30, 2021
- Subordinate: $200 million as of June 30, 2021

Security

- The Bonds are secured by a senior lien on Authority Revenues. All Authority Revenues received by the Authority are assigned to the Trustee for the benefit of the registered owners of the Bonds and are irrevocably pledged to the payment of the interest on and principal of and redemption premium.

Additional Bonds Test

- Additional Senior Bonds may be issued if either 1) during the last audited Fiscal Year or 12-month period during the immediately preceding 18-month period, or 2) in the 5 Fiscal Years following the completion of projects to be financed with the proposed additional Bonds Adjusted Annual Net Revenues (adjusted for 95% of proposed new connections and rate increases) were the greater of x) annual debt service on outstanding Bonds plus first full Fiscal Year debt service on the proposed additional Bonds or y) average annual debt service on outstanding Bonds and proposed additional Bonds

Fidelity INVESTMENTS

Sacramento Municipal Utility District

Electric Revenue Bonds

Moody's Aa3 S&P AA Fitch AA

Purpose

- Bond proceeds were used to finance new capital improvements and additions to the District's electric system and acquisitions of natural gas reserves, refund certain outstanding Bonds and commercial paper notes, and pay costs of issuance.

Security

- The Bonds are secured by a pledge of the Net Revenues of the Electric System of the District.
- The Subordinated Bonds are payable from the Net Subordinate Revenues of the Electric System.

Rate Covenant

- The District shall maintain and collect rates such that Net Revenues will provide at least 1.2 times debt service plus any sinking fund or reserve fund payments.

Debt Service Reserve Fund

- None.

Bonds Outstanding

$2.0 billion as of December 31, 2020

Additional Borrowings

- None specified.

Additional Bonds Test

- Additional revenue Bonds may be issued if, after completion of improvements proposed to be financed by such additional revenue Bonds, Net Revenues will be sufficient to pay the principal of and interest on all Bonds and Parity Bonds then outstanding and on such additional revenue Bonds, and that for a period of 12 months during the 24 months preceding the issuance of additional Bonds, the Net Revenues have been at least equal to 1.25 times MADS on all Bonds outstanding and additional Bonds after adjustments to Net Revenues to be derived from an increase in rates and charges.

County of San Diego

Certificates of Participation

Moody's Aa1 S&P AA+ Fitch AA+

Purpose

- Bond proceeds were used primarily to finance the acquisition, construction and installation for certain public facilities and capital projects of the County.

Debt Service Reserve Fund

- None.

Security

- The Bonds are secured by Base Rental Payments and Additional Rental made by the County with respect to each of the Properties, in the amounts, at the times, an in the manner set forth in the Subleases. The County has covenanted in the Subleases to take such action necessary to include all Base Rental Payments and Additional Rental due in its operating budget for each fiscal year, and to make all necessary appropriations for such Base Rental Payments and Additional Rental. The County is not obligated to pay Rental Payments. The Rental Payments are subject to abatement risk.

Bonds Outstanding

- $212 million as of June 30, 2021

Additional Borrowings

- None specified.

Taxable Pension Obligation Bonds

Moody's Aa2 S&P AAA Fitch AA+

Purpose

- Bond proceeds were used to finance a portion of the county's unfunded accrued pension liability and to refund the County's Pension Obligation Debenture.

Tax Status

- Interest on the Bonds is not excludable from federal income taxes but is exempt from the State of California's personal income taxes.

Additional Borrowings

- None specified.

Debt Service Reserve Fund

- None.

Security

- The Bonds are absolute and unconditional obligation of the County imposed by the County Employees Retirement Law of 1937. In the event the County fails to make appropriations, the County Controller will be obligated to pay the Bonds from any money available in any fund in the County Treasury.

Bonds Outstanding

- $400 million as of June 30, 2021

General Obligation Bonds

Moody's Aaa S&P AAA Fitch AA+

Purpose

- Bond proceeds were used to fund capital improvement programs and refund a portion of certain outstanding GO Bonds of the City.

Security

- The Bonds are secured by the Board's power to levy ad valorem taxes without limitation as to rate or amount upon all property subject to taxation by the City.

Additional Borrowings

- None specified.

Bonds Outstanding

- $2.5 billion as of June 30, 2021

Second Series Revenue Bonds

Moody's A1 S&P A+ Fitch A+

Purpose

- Bond proceeds were used to finance and refinance a portion of the architectural, engineering and construction costs of the Airport's capital program.

Security

- The Bonds are secured by a pledge of, lien on and security interest in Net Revenues of the Airport and the funds and accounts provided in the 1991 Master Resolution.

Rate Covenant

- The Commission shall set rates so that Net Revenues will be at least sufficient to make all required debt service payments related to the Airport and other required payments to be made to the city. Net Revenues and any Transfers from the Contingency Account will be at least equal to 125% of aggregate ADS with respect to Bonds for such Fiscal Year.

Bonds Outstanding

- $7.9 billion as of June 30, 2021

Second Series Revenue Bonds (cont.)

Moody's A1 S&P A+ Fitch A+

Debt Service Reserve Fund

- The reserve requirement for the Participating Series Reserve Account is an amount equal to MADS.

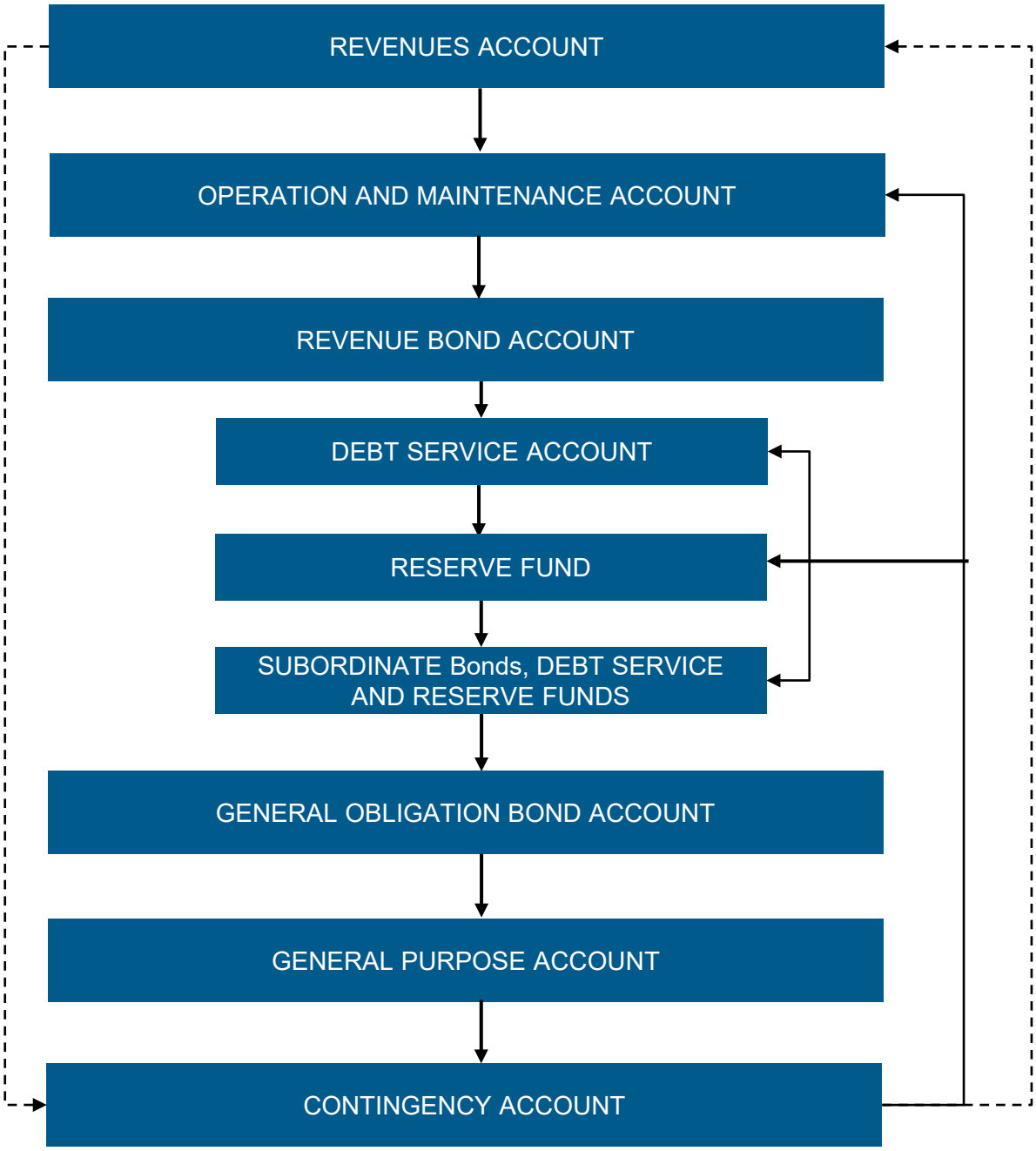
Additional Borrowings

- As of June 30, 2021, $4.6 billion of authorized capital plan bonds remained unissued.

Additional Bonds Test

- Additional Bonds may be issued if: (1) for the period from and including the first full Fiscal Year following the issuance of the Additional Bonds and including the last Fiscal year during which any interest on such Bonds are expected to be paid, projected Net Revenues will be at least equal to 1.25 times ADS, and for the period from and including the first full Fiscal Year following the issuance of the Additional Bonds and including the later of: the fifth full Fiscal Year after the issuance or the third full Fiscal Year during which no interest is expected to be paid, projected Net Revenues will be sufficient to satisfy the rate covenant in the 1991 Master Resolution; or (2) Net Revenues in the most recently completed Fiscal Year will be at least equal to 125% ADS, plus MADS on the Bonds proposed to be issued.

Second Series Revenue Bonds
Flow of Funds



Source: Official Statement

Public Utilities Commission of the City and County of San Francisco

Water Revenue Bonds

Moody's Aa2 S&P AA- Fitch NR

Purpose

- Bond proceeds were used to refund a portion of a water revenue bond previously issued by the Commission to finance and refinance the reconstruction and improvements of the water supply, storage and distribution system facilities.

Security

- The Bonds are secured by Net Revenues of the Commission's Water Enterprise.

Bonds Outstanding

- $4.7 billion as of June 30, 2021

Rate Covenant

- The Commission shall collect rates equal to at least 1.25 times the Annual Debt Service.

Debt Service Reserve Fund

- Each series of Bonds require maintenance of a separate Debt Service Reserve Fund, and the funding requirement varies with each series of Bonds.

Additional Bonds Test

- Additional Bonds may be issued if Net Revenues for any period of 12 consecutive months out of the 18 months preceding the proposed issuance is equal to at least 1.25x Annual Debt Service for such period.
- If any portion of the proceeds of such Additional Bonds finances construction, estimated Net Revenues in the 3 fiscal years following the fiscal year in which such portion of the project is expected to be completed, must be equal to at least 1.25x Annual Debt Service in each such fiscal year.

Additional Borrowings

- The Commission expects to issue $2 billion from fiscal year 2021 to fiscal year 2030 to finance it's10-year capital program.

Fidelity INVESTMENTS

Bay Area Toll Authority

Toll Bridge Revenue Bonds

Senior:	Moody's Aa3	S&P AA	Fitch AA
Subordinate:	Moody's A1	S&P AA-	Fitch AA-

Purpose

- Bond proceeds were used to finance the cost of the design and construction of eligible projects of Regional Measure 1, Regional Measure 2, and the Seismic Retrofit projects for the Bay Area Bridges.

Rate Covenant

- Senior: BATA has covenanted to maintain toll revenue at levels that result in net operating revenue greater than 1.2x annual debt service. In addition, BATA has agreed to maintain tolls at a level where net operating revenue plus the balance in the operations and maintenance reserve is at least 1.25x total fixed costs, as well as maintaining tolls at levels exceeding 1.0x all fixed costs.
- Subordinate: BATA has covenanted to maintain toll revenue at levels that result in operating revenue greater than 1.2x annual debt service costs.

Debt Service Reserve Fund

- Senior: An amount equal to the lesser of MADS and 125% of average Annual Debt Service.
- Subordinate: varies series by series.

Security

- The senior Bonds are secured by a first lien on all revenues of BATA, after a provision for Caltrans costs for operations and maintenance of toll facilities, including the San Francisco-Oakland Bay Bridge, San Mateo-Hayward Bridge; Dumbarton Bridge; Antioch Bridge; Benicia-Martinez Bridge; Carquinez Bridge and Richmond-San Rafael Bridge. The subordinate Bonds have a junior claim on Pledged Revenues.

Bonds Outstanding

- Senior: $6.0 billion as of December 31, 2021
- Subordinate: $3.7 billion as of December 31, 2021

Additional Bonds Test

- Senior: No additional Bonds shall be issued, unless Net Revenue equates to greater than 150% of MADS on all outstanding parity Bonds.
- Subordinate: No additional Bonds shall be issued unless Available Revenue equates to greater than 120% of MADS on all outstanding parity Bonds.

Additional Borrowings

- None specified.

San Francisco Bay Area Rapid Transit District

General Obligation Bonds

Moody's Aaa S&P AA Fitch NR

Purpose

- Bond proceeds were used primarily to fund seismic upgrades to the transit system.

Security

- The Bonds are secured by the District's power to levy ad valorem taxes without limitation as to rate or amount upon all property subject to taxation in the counties of Alameda, Contra Costa, and San Francisco.

Additional Borrowings

- None specified.

Bonds Outstanding

- $1.9 billion as of June 30, 2021

San Francisco Bay Area Rapid Transit District

Sales Tax Revenue Bonds

Moody's NR S&P AA+ Fitch AA

Purpose

- Bond proceeds were used to fund various public transit projects and improvements.

Debt Service Reserve Fund

- None.

Additional Bonds Test

- Sales Tax Revenues for any period of 12 consecutive months during the immediately preceding 18 months are at least equal to 1.5x MADS on all Bonds, including the Bonds to be issued.
- Sales Tax Revenues estimated by the District for the Fiscal Year in which the additional Bonds are to be issued and for each of the next succeeding four Fiscal Years will equal at least 1.5x the amount of Annual Debt Service on all Bonds, including the Bonds to be issued.
- Sales Tax Revenues for the Fiscal Year in which the additional Bonds are to be issued will be at least 1.0x the amount of the District's obligations with respect to repayment of any withdrawals under a Reserve Facility if any, then due and owing under the Reserve Facility.

Security

- The Bonds are secured by 75% of a ½ cent sales tax assessed in the District's three-county service area (San Francisco, Alameda and Contra Costa Counties).
- Legal provisions also provide for sales tax revenues to be remitted directly to the trustee.

Bonds Outstanding

- $686 million as of June 30, 2021

Fidelity INVESTMENTS

Southern California Public Power Authority

Canyon Power Project Revenue Bonds

Moody's NR S&P AA- Fitch AA-

Purpose

- The Bonds retired the Authority's outstanding 2009 Revenue Notes, which were issued to fund the Canyon Power Project. The Project involved the construction of a natural gas fired electric generating plant.

Rate Covenant

- The Authority shall establish rates each Fiscal Year to provide Revenues at least sufficient for the payment of debt service and other payments required by the Indenture.

Debt Service Reserve Fund

- None.

Security

- The Bonds are secured by revenues derived from a take-or-pay contract with the City of Anaheim. The payment obligation constitutes an operating expense of the City and is payable from its electric system revenues.

Additional Borrowings

- None specified.

Bonds Outstanding

- $296 million as of June 30, 2021

Southern California Public Power Authority

Subordinate Transmission Project Revenue Bonds

Moody's NR S&P AA- Fitch AA-

Purpose

- Senior Bonds were used to finance or refinance the acquisition and construction of a 488 mile in length transmission line from Millard County, Utah to Adelanto, CA and the acquisition of the entitlements to the capability of the Southern Transmission Project from the Department of Water and Power of The City of Los Angeles (LADWP) and the cities of Anaheim, Riverside, Pasadena, Burbank, and Glendale (the Project Participants).

Rate Covenant

- The Authority shall establish rates, each Fiscal Year, to provide Revenues together with other available funds, to make senior and subordinate debt service payments as well as required payments of each respective indentures.

Debt Service Reserve Fund

- Varies by series.

Additional Borrowings

- None specified.

Security

- The Bonds are secured by pledged revenues derived by the Authority from the contracts with the Project Participants.
- Currently, there are no Senior Bonds Outstanding.
- Authority membership consists of 11 cities and one irrigation district located in California. The following municipal utilities are significant members of the Authority: LADWP, and the cities of Anaheim, Riverside, Pasadena, Burbank, and Glendale.
- The Authority and each Project Participant have entered into a Transmission Service Contract, whereby the Project Participants are obligated to make payments on a take-or-pay basis. Their payments are payable solely from their respective electric system revenues.

Bonds Outstanding

- $333 million as of June 30, 2021

Southern California Public Power Authority

Milford Wind Corridor Phase 1 Project Revenue Bonds

Moody's NR S&P AA- Fitch AA-

Purpose

- The Bonds financed the prepayment by the Authority of the purchase of energy from a wind farm over the 20-year delivery term of the Power Purchase Agreement. The Agreement is with Milford Wind LLC.

Rate Covenant

- The Authority shall establish rates each Fiscal Year to provide Revenues at least sufficient for the payment of debt service and other payments required by the Indenture.

Debt Service Reserve Fund

- None.

Additional Borrowings

- None specified.

Bonds Outstanding

- $123 million as of June 30, 2021

Security

- The Bonds are secured by revenues derived from take-or-pay contracts with the Project Participants. With regard to this project, the Project Participants are Los Angeles Department of Water and Power (LADWP), and the cities of Burbank and Pasadena, although LADWP is the major Project Participant with 92.5% of the total project. Each Participant is obligated in their respective capacity and energy on a take-or-pay basis. The payment obligation constitutes an operating expense of the respective Purchasers and is payable from their respective electric system revenues. A failure to make payments by one Purchaser would likely result in larger payments by other Purchasers.
- The performance of Milford Wind LLC under the Power Purchase Agreement is secured by a deed of trust against the facility with the Authority as beneficiary.
- The amount of the security interest is equal to the amount required to liquidate the Power Purchase Agreement in the case of a default of the seller. Should Milford Wind LLC default on its obligations to deliver energy, the Authority can terminate the agreement and foreclose on the deed of trust and take over the operation of the facility.

Fidelity INVESTMENTS

Southern California Public Power Authority

Windy Point/Windy Flats Project Revenue Bonds

Moody's Aa2 S&P NR Fitch AA-

Purpose

- The Bonds financed the prepayment by the Authority of the purchase of energy from a wind farm over the 20-year delivery term of the Power Purchase Agreement. The Agreement is with Windy Flats Partners LLC.

Rate Covenant

- The Authority shall establish rates each Fiscal Year to provide Revenues at least sufficient for the payment of debt service and other payments required by the Indenture.

Debt Service Reserve Fund

- None.

Additional Borrowings

- None specified.

Bonds Outstanding

- $300 million as of June 30, 2021

Security

- The Bonds are secured by revenues derived from take-or-pay contracts with the Project Participants. With regard to this project, the Project Participants are Los Angeles Department of Water and Power (LADWP), and the City of Glendale, although under an agreement between the Participants, LADWP will assume Glendale's rights and obligations. LADWP is thus obligated for 100% of the energy on a take-or-pay basis. The payment obligation constitutes an operating expense of LADWP and is payable from its electric system revenues.
- The performance of Windy Flats Partners LLC under the Power Purchase Agreement is secured by a deed of trust against the facility with the Authority as beneficiary.
- The amount of the security interest is equal to the amount required to liquidate the Power Purchase Agreement in the case of a default of the seller. Should Windy Flats Partners LLC default on its obligations to deliver energy, the Authority can terminate the agreement and foreclose on the deed of trust and take over the operation of the facility.

California Health Facilities Finance Authority

Cedars Sinai Medical Center Revenue Bonds

Moody's Aa3 S&P NR Fitch AA-

Purpose

- Bond proceeds were used to fund the acquisition of certain equipment, pay for construction, remodeling and refurbishment of certain facilities, and purchase an office building that Cedars Sinai Medical Center (CSMC or the Obligated Group) is the majority tenant of.
- The Cedars-Sinai Health System (System), which is the parent organization of CSMC, does not have debt outstanding. Torrance Memorial Medical Center (TMMC), an affiliated entity with shared governance under the System has debt outstanding, which is separately secured from CSMC debt.

Bonds Outstanding

- $1.1 billion as of June 30, 2021

Additional Borrowings

- None specified.

Security

- The Bonds are secured by Gross Revenues of the Obligated Group of which CSMC is the sole member.
- CSMC and TMMC do not assume any financial obligations related to payment of debt issued by each other. Revenue of each entity (excluding its affiliated or subsidiary organizations) is pledged to secure the payment of the principal and interest on all bonds and certificates under separate Master Trust Indentures.

Rate Covenant

- The Obligated Group has covenanted that if at the end of any fiscal year the Annual Required Debt Service Coverage Ratio shall have been less than 110% it will employ an independent consultant to make recommendations to increase the Annual Required Debt Service Coverage Ratio to at least 110% for subsequent fiscal years (or, if in the opinion of the independent consultant, the attainment of such level is impracticable, to the highest practicable level).
- The Obligated Group has covenanted that it will not dispose of any Property unless after such disposition the Annual Required Debt Service Coverage for the most recent fiscal year shall be not less than 110%

Fidelity INVESTMENTS

Important information about this report:

This guide is for informational purposes only and should not be construed as a solicitation or an offer to buy or sell any security. The information presented in this guide has been obtained from sources believed to be reliable, but FCM does not make any representation about the accuracy, completeness, or timeliness of this information. This guide is current only as of the date that it was published, and opinions, estimates, and other information may change without notice or publication. Past performance is no guarantee of future results. Prior to making an investment or other financial decision, please consult the financial, legal, and/or tax advisor of your choice. FCM shall not be liable for any person's use of this guide. FCM does not give tax or legal advice.

In general the bond market is volatile, and fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities. Fixed income securities also carry inflation, credit, and default risks for both issuers and counterparties. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

Diversification does not ensure a profit or guarantee against a loss. Interest income earned from tax-exempt municipal securities generally is exempt from federal income tax, and may also be exempt from state and local income taxes if you are a resident in the state of issuance. A portion of the income you receive may be subject to federal and state income taxes, including the federal alternative minimum tax. In addition, you may be subject to tax on amounts recognized in connection with the sale of municipal bonds, including capital gains and "market discount" taxed at ordinary income rates. "Market discount" arises when a bond is purchased on the secondary market for a price that is less than its stated redemption price by more than a statutory amount. Before making any investment, you should review the official statement for the relevant offering for additional tax and other considerations.

The municipal market can be adversely affected by tax, legislative, or political changes and the financial condition of the issuers of municipal securities. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets or for all account types. Tax laws are subject to change and the preferential tax treatment of municipal bond interest income may be revoked or phased out for investors at certain income levels. You should consult your tax adviser regarding your specific situation.

Investing in municipal bonds for the purpose of generating tax-exempt income is generally more beneficial the higher an investor's tax bracket. Tax-advantaged accounts such as IRAs and 401(k)s are generally not appropriate for holding tax-exempt municipal securities.

Fidelity Capital Markets contacts:

Thomas DeMarco, CFA

Desk Strategist

Ilya Perlovsky, CFA

Desk Strategist

Fidelity INVESTMENTS