



Midpeninsula Regional
Open Space District

R-16-97
Meeting 16-18
August 10, 2016

AGENDA ITEM 7

AGENDA ITEM

Resolution Authorizing the Issuance of a Series 2016 Green Bonds and Approving Related Documents and Associated Actions.

GENERAL MANAGER AND CONTROLLER'S RECOMMENDATION

Adopt a Resolution authorizing issuance of not to exceed \$68 million in Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding (the "2016 Green Bonds"); approving the related forms and execution of an indenture, a bond purchase agreement, an escrow agreement, and a continuing disclosure agreement; approving form of and distribution of an official statement for said refunding bonds; and authorizing taking of necessary and incidental actions, and documents and certificates.

SUMMARY

The Resolution authorizes the District to issue and sell, by negotiated sale, not to exceed \$68 million in 2016 Green Bonds, and approves the Indenture, Official Statement, Escrow Agreement, Continuing Disclosure Agreement, and the Bond Purchase Agreement with Morgan Stanley as underwriter. The purpose of the 2016 Green Bonds is to refinance the Financing Authority's 2007 Series A Revenue Refunding Bonds and the callable portion of the 2011 Revenue Bonds (together "Prior Bonds"), in order to take advantage of today's very low interest rates and achieve significant debt service savings.

DISCUSSION

In 2007, the District sold its 2007 Refunding Promissory Notes (the "2007 Notes") to the Midpeninsula Regional Open Space District Financing Authority (the "Authority"), and the Authority issued its 2007 Series A Refunding Bonds (the "2007 Authority Bonds"), which were limited obligations of the Authority, payable only from amounts received from the 2007 Notes.

In 2011, the District entered into a Lease Agreement with the Authority, under which the Authority leased certain property to the District, and the District agreed to make semiannual lease payments to the Authority (the "Lease Payments"). The Authority then issued its 2011 Revenue Bonds (the "2011 Authority Bonds," and, together with the 2007 Authority Bonds, the "Authority Bonds"), which were limited obligations of the Authority payable only from the Lease Payments.

By refinancing its 2007 Notes and prepaying a portion of the amounts due under the 2011 Lease Agreement, the District can refinance its obligations at lower interest rates, and achieve significant savings.

Interest rates for municipal bonds have fallen to near historic lows, providing an opportunity to achieve significant savings on future debt service. The following table summarizes the estimated transaction size, total debt service savings, and overall present value savings.

Estimated Savings from 2016 Green Bond Refunding *			
Series	Refunding of 2007 Revenue Bonds	Refunding of 2011 Revenue Bonds	Total
<i>Outstanding Par</i>	\$ 47,300,000	\$ 20,290,000	\$67,590,000
<i>Refunding Par</i>	\$ 37,840,000	\$ 19,535,000	\$ 57,375,000
<i>Estimated All-in TIC **</i>	1.45%	2.70%	2.11%
<i>Gross Cashflow Savings</i>	\$ 9,066,354	\$ 6,564,882	\$ 15,631,236
<i>Average Annual Cashflow Savings***</i>	\$ 824,214	\$ 262,595	\$ 625,249
<i>Net PV Savings</i>	\$ 8,442,311	\$ 4,130,684	\$ 12,572,995
<i>PV savings as % of Refunded Par</i>	19.16%	21.64%	19.91%

* *The above illustrations for the refunding par amounts, TIC and debt service savings are all estimated based on market conditions as of August 1, 2016 as provided by Morgan Stanley. The final numbers at Bond Closing will likely to be different. In the Board Resolution, the Board authorizes the issuance of the 2016 Green Bonds only if the present value of the debt service savings shall be at least 10% of the Prior Bonds.*

** *True Interest Cost (TIC)*

*** *The Total for the Average Annual Cashflow Savings is a weighted average of the refunding savings for the 2007 bonds and the 2011 bonds, and not a sum of the two averages.*

As part of the bond sale, the District and its Underwriter will focus on marketing the Bonds to local retail buyers. Local buyers, including residents of the District and users of the District's preserves, can create greater competition for the Bonds and enhance the overall sale. To target these buyers, the District will engage in an outreach effort which can include print and digital advertising in the Mercury News, San Mateo Daily Journal, and Almanac News, highlighting the sale in the District's E-Newsletter and on the District's website, a conference call with local retail brokers to share the District's credit strengths and financing structure and providing priority to ensure that local buyers who place orders will receive bonds.

The bonds will be marketed to investors as "Green Bonds", a designation that conveys to potential investors that the bond was originally issued for environmentally-beneficial purposes. The Green Bond designation can enhance retail outreach to specifically target those buyers who support socially responsible investing and green initiatives. The level of retail participation can vary and depends on economic and market conditions at the time of sale.

Green Bonds are relatively new in the municipal bond market and have been sold to finance projects including open space preservation, clean water, renewable energy, energy efficiency, LEED certified facilities, mass transit and other projects intended to address climate change and environmental preservation. Green Bonds can potentially expand the District's investor base to bond funds that specifically invest in green projects, as well as local investors who are more likely to invest in socially responsible initiatives. The Green Bond designation will be used as part of the marketing efforts by the District and Underwriter including in the Official Statement,

investor presentation, on the District's website, monthly newsletter, and in any local advertising to raise awareness for the bond sale.

The District is seeking bond ratings from Standard & Poor's and Fitch. The rating agencies have indicated that they will be able to release their ratings on the 2016 Green Bonds by August 18, 2016.

If approved by the Board, the schedule is to distribute the Preliminary Official Statement on or about August 29, 2016 and price the bonds in the beginning of September with transaction closing around mid-September. The proposed issue improves the District's long-term financial plan and will not affect the District's statutory debt limit as total debt outstanding after the refunding will remain the same or decline slightly. After the proposed sale, District's total indebtedness (excluding the Measure AA GO Bonds) would be about 52% of the District's statutory debt limit based on the current projection of tax revenues for the next five fiscal years (FYs 2017 thru 2021).

SUMMARY OF THE PROPOSED TRANSACTION:

- | | |
|-----------------------------|---|
| 1. Amount: | Par value of \$57.375 million |
| 2. Term: | Twenty-five years |
| 3. Average Life: | 9.10 years |
| 4. Purpose: | Refinance the Prior Bonds to reduce future debt service payments; projected net reduction of debt service of about \$15 million |
| 5. Interest Rates: | Estimated true interest cost of 2.10% to 2.50% |
| 6. Reserve Fund: | None |
| 7. Underwriting Fee: | Not to exceed 0.45% of par amount of amount issued |
| 8. Other Costs of Issuance: | Estimated at \$290,000 |
| 9. Closing Schedule: | Price by early September, Close by mid-September |

PARTIES TO THE TRANSACTION:

- | | |
|------------------------|---|
| 1. Issuer: | Midpeninsula Regional Open Space District |
| 2. Trustee: | Zions Bank |
| 3. Escrow Agent: | BNY Mellon |
| 4. Underwriter: | Morgan Stanley |
| 5. Bond Counsel: | Orrick Herrington & Sutcliffe |
| 6. Disclosure Counsel: | Schiff-Hardin |
| 7. Financial Adviser: | Backstrom McCarley Berry |

DUTIES OF THE PARTIES:

- | | |
|------------------|--|
| 1. Issuer: | Issues bonds, makes principal and interest payments |
| 2. Trustee: | Administers bonds for the benefit of the holders, collects principal and interest from the District, makes bond payments to holders |
| 3. Escrow Agent: | Hold the defeasance securities, make principal and interest payments on the defeased 2011 Bonds prior to call date; and redeems the 2011 Bonds |

4. Underwriter: Purchases bonds from the District and sells them to investors in the capital market
5. Bond Counsel: Prepares bond documents, opines on the bonds' validity; assures buyers of the tax-exempt status of the bonds
6. Disclosure Counsel: Drafts District Official Statement and advises on compliance with federal securities laws
7. Financial Advisor: Verify fair pricing on the bonds; verify bond purchase price

THE DISTRICT'S DISCLOSURE OBLIGATIONS

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Board of Directors by staff and the District's financing team. The distribution of the Preliminary Official Statement by the District is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the 2016 Green Bonds. Material information is information that there is a substantial likelihood that it would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the 2016 Green Bonds.

The Securities and Exchange Commission (the "SEC"), the agency with regulatory authority over the District's compliance with the federal securities laws, has issued guidance as to the duties of the Board of Directors with respect to its approval of the Preliminary Official Statement. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) (the "Release"), the SEC stated that, if a member of the Board has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the issuer's bonds being marketed with the Preliminary Official Statement, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC stated that the steps that a member of the Board could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

MAIN AGREEMENTS:

Note that the attached documents are substantively complete but are officially in Draft form until the sale is completed.

1. Indenture – Document governing terms of bonds.
2. Bond Purchase Agreement – document by which Green Bonds are sold to Morgan Stanley as Underwriter.
3. Escrow Agreement – Agreement by which Green Bond proceeds are held in trust for payment of 2011 Lease Agreement and 2011 Authority Bonds until the redemption date of September 1, 2021.
4. Continuing Disclosure Certificate – Document by which District agrees to provide certain information to the market.
5. Preliminary Official Statement – Describes Green Bonds and the District to potential investors.

FISCAL IMPACT

Sale of the proposed 2016 Green Bonds will reduce overall District debt service payments by approximately \$15 million over the next twenty-five years. The proposed sale is consistent with, and, in fact, improves, the District's long-term financial model.

BOARD COMMITTEE REVIEW

The sale of the proposed 2016 Green Bonds was not reviewed by committee. The Midpeninsula Regional Open Space District Financing Authority will meet to authorize the optional redemption of the Authority Bonds and approve the form of escrow agreement on August 10, 2016, and other matters in connection with this transaction.

PUBLIC NOTICE

Notice was provided pursuant to the Brown Act. No additional notice is necessary.

CEQA COMPLIANCE

No compliance is required as this action is not a project under CEQA.

NEXT STEPS

If approved by the Board, staff will proceed with finalization of the documents and sell the 2016 Green Bonds. Within a month of closing of the transaction, a post-sale evaluation report will be brought to the Board.

Attachments:

1. 2016 Green Bond Resolution authorizing issuance of not to exceed \$68 million of the Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding (the "2016 Green Bonds"); approving forms and execution of an indenture, a bond purchase agreement, an escrow agreement, and a continuing disclosure agreement; approving form of and distribution of an official statement for said refunding bonds; and authorizing taking of necessary and incidental actions, and documents and certificates.
2. 2016 Green Bonds Indenture
3. 2016 Green Bonds Escrow Agreement
4. 2016 Green Bonds Continuing Disclosure Certificate
5. 2016 Green Bonds Preliminary Official Statement (POS)
6. Bond Purchase Agreement

Responsible Manager:

Stefan Jaskulak, Chief Financial Officer

Prepared by:

Lisa Tulee, Senior Management Analyst

Contact Person:

Stefan Jaskulak, Chief Financial Officer

RESOLUTION NO. 16-_____**A RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED \$68,000,000 OF REFUNDING BONDS; APPROVING FORMS AND EXECUTION OF AN INDENTURE, A PURCHASE CONTRACT, AN ESCROW AGREEMENT, AND A CONTINUING DISCLOSURE AGREEMENT; APPROVING FORM OF AND DISTRIBUTION OF AN OFFICIAL STATEMENT FOR SAID REFUNDING BONDS; AND AUTHORIZING TAKING OF NECESSARY AND INCIDENTAL ACTIONS, AND DOCUMENTS AND CERTIFICATES.**

WHEREAS, the Midpeninsula Regional Open Space District (the "District") has heretofore issued certain outstanding 2007 Refunding Promissory Notes (the "2007 Notes") in order to perform a refinancing of certain prior District obligations (the "2007 Refunding");

WHEREAS, in order to assist the District with the 2007 Refunding, the Midpeninsula Regional Open Space District Financing Authority (the "Authority") has heretofore issued its 2007 Series A Revenue Refunding Bonds (1996 and 1999 Refinancing Project) (the "2007 Authority Bonds") and used the proceeds of such bonds to acquire the 2007 Notes;

WHEREAS the payment of the District's 2007 Notes secures the Authority's outstanding 2007 Authority Bonds;

WHEREAS, the District has heretofore entered into a Site Lease, dated May 1, 2011, by and between the District and the Authority (the "Site Lease"), under which the District leased certain property of the District (the "Leased Property") to the Authority in consideration of payment by the Authority of an upfront rental payment (the "Site Lease Payment");

WHEREAS, for the purpose of providing the funds to enable the Authority to pay the Site Lease Payment to the District in accordance with the Site Lease, the Authority has heretofore issued its 2011 Revenue Bonds (the "2011 Authority Bonds," and, together with the 2007 Authority Bonds, the "Authority Bonds");

WHEREAS, in order to secure the payments of principal of and interest on the 2011 Authority Bonds, the Authority has heretofore entered into a Lease Agreement, dated as of May 1, 2011, by and between the District and the Authority (the "Lease Agreement"), under which the Authority agreed to lease the Leased Property back to the District and the District is obligated to pay semiannual lease payments (the "Lease Payments") as rental for the Leased Property;

WHEREAS, the Authority has assigned its right to receive the Lease Payments to The Bank of New York Mellon Trust Company, N.A., as Trustee (the "2011 Trustee") as security and the source of payment for the 2011 Authority Bonds;

WHEREAS, the outstanding 2007 Authority Bonds are subject to optional redemption on September 1, 2016 and on any date thereafter, and the outstanding 2011 Authority Bonds maturing on and after September 1, 2022 are subject to optional redemption on September 1, 2021 and on any date thereafter;

WHEREAS, the District has determined that it is in the best interests of the District and is necessary and proper for District purposes that the District issue its Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding (the “2016 Green Bonds”) to refund its outstanding obligations under the 2007 Notes and thereby direct the Authority to redeem the 2007 Authority Bonds, and to prepay a portion of its obligations under the Lease Agreement and thereby cause the redemption of the portion of the 2011 Authority Bonds subject to optional redemption (such callable 2011 Authority Bonds, together with the outstanding 2007 Authority Bonds, the “Prior Bonds”);

WHEREAS, the District is designating the 2016 Green Bonds as “Green Bonds” to allow investors to invest directly in bonds that finance environmentally beneficial projects, as the proceeds of the bonds will be used to refinance the acquisition and preservation of properties that have been dedicated for open space purposes;

WHEREAS, the District acquires and preserves, or returns to its natural state, such lands for scenic beauty and enjoyment, the protection of natural vegetation, wildlife and agriculture, and establishes boundaries for urban growth and enhances quality of life, recreation in nature and educational opportunities through the creation of a regional greenbelt;

WHEREAS, the District has determined that open space protects and restores the natural environment and promotes healthier living by providing opportunities for ecologically sensitive public enjoyment and education;

WHEREAS, the District is authorized by law to issue refunding revenue bonds to refinance any bonds, notes or other evidences of indebtedness of the District;

WHEREAS, this Board is authorized, and now wishes, to issue the 2016 Green Bonds as refunding bonds pursuant to Article 3 of Chapter 3 of Division 5 of the Public Resources Code (the “District Act”), and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (together with the District Act, the “Law”), to redeem all or a portion of the outstanding 2007 Notes (the refunded portion of the 2007 Notes, the “Prior Notes”), and to prepay a portion of its obligations under the Lease Agreement (such obligations the “Prior Lease Obligations,” and, together with the Prior Notes, the “Prior Obligations”) and thereby to cause the redemption of the Prior Bonds;

WHEREAS, this Board acknowledges that refinancing any of the Prior Bonds more than 90 days in advance of the date of redemption thereof shall preclude any tax-exempt advance refunding of the portion of bonds issued for such purpose;

WHEREAS, this Board has been presented with forms of:

- an Indenture by and between the District and Zions Bank, a division of ZB, National Association;
- an Escrow Agreement by and between the District, the Authority and The Bank of New York Mellon Trust Company, N.A.;
- a Continuing Disclosure Certificate;
- a Bond Purchase Agreement (the “Purchase Contract”) by and between the District and Morgan Stanley & Co., LLC. (the “Underwriter”); and
- a Preliminary Official Statement;

WHEREAS, Backstrom McCarley Berry & Co., LLC shall serve as the Financial Advisor to the District;

WHEREAS, Orrick, Herrington & Sutcliffe, LLP shall serve as Bond Counsel to the District, and Schiff Hardin LLP shall serve as Disclosure Counsel to the District;

WHEREAS, the Board has examined and approved each document presented to it and desires to authorize and direct the execution and delivery of such documents and the consummation of the financing contemplated herein and therein; and

WHEREAS, the District has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Midpeninsula Regional Open Space District, as follows:

Section 1. The District hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the District and that the statements, findings and determinations of the District set forth above are true and correct.

Section 2. The District hereby authorizes the issuance and sale, by negotiated sale, of not to exceed \$68,000,000 aggregate principal amount of 2016 Green Bonds. The District has chosen to sell the 2016 Green Bonds by negotiated sale in order to provide greater flexibility in the timing of the sale, to provide more opportunity to optimize the structure of the issue, and to achieve greater interest cost savings. The 2016 Green Bonds may be issued in one or more series or subseries and shall be designated the “Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding” with such additional designations as the General Manager or his written designee, the Controller, or the Chief Financial Officer / Director of Administrative Services, (each an “Authorized Officer”) may deem necessary or desirable.

Section 3. The form of Indenture by and between the District and Zions Bank, a division of ZB, National Association, as Trustee (the “Trustee”), on file with the District Clerk of the Board (the “Clerk”), is hereby approved and the Authorized Officers are hereby severally

authorized and directed to execute and deliver the Indenture in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of Purchase Contract by and between the Underwriter and the District on file with the Clerk, is hereby approved. The Authorized Officers are hereby severally authorized and directed to execute and deliver the Purchase Contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof and pursuant thereto to sell the 2016 Green Bonds to the Underwriter for the purchase price set forth in the Purchase Contract, provided that said price to be not less than the principal amount of the 2016 Green Bonds less an underwriting discount which shall not exceed 0.45% (exclusive of any original issue discount) of the principal amount of the 2016 Green Bonds (which this Board hereby determines reflects an underwriter's spread that is both reasonable and customary under the prevailing market conditions), the present value of the debt service savings with respect to the Prior Bonds shall be at least 10% of the aggregate principal amount of such Prior Bonds, no 2016 Green Bond shall mature later than September 1, 2041, no 2016 Green Bond shall bear interest at a rate greater than 6% per annum, and the true interest cost of the 2016 Green Bonds shall not exceed 4.00%.

Section 5. The form of Official Statement describing the 2016 Green Bonds, on file with the Clerk, is hereby approved. The Authorized Officers are hereby severally authorized and directed to execute and deliver a final Official Statement in substantially said form, with such additions thereto or changes therein as the District may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute copies of the Official Statement to persons purchasing the 2016 Green Bonds and other interested parties. The distribution of the Preliminary Official Statement by the Underwriter is hereby authorized and approved. The Authorized Officers are hereby severally authorized and directed to execute a certificate confirming that the Preliminary Official Statement has been "deemed final" by the District for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 6. The form of Escrow Agreement by and between the District, the Authority and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, on file with the Clerk is hereby approved. The Authorized Officers are hereby severally authorized and directed to execute and deliver the Escrow Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The 2011 Trustee is hereby authorized and directed to give notice of redemption of the callable 2011 Authority Bonds to be redeemed as shall be required by the Escrow Agreement and pursuant to the terms of the Indenture with respect to the 2011 Authority Bonds.

Section 7. The form of Continuing Disclosure Certificate on file with the Clerk, is hereby approved. The Authorized Officers are hereby severally authorized and directed to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The officers of the District are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, but not limited to, directing the trustee for the 2007 Authority Bonds to provide a conditional notice of redemption for the 2007 Authority Bonds, providing for the purchase of escrow securities, and engaging certified public accountants to verify the sufficiency of funds deposited in escrow, executing amendments to the Site Lease or Lease Agreement and paying costs of issuance. The President of the Board, the Clerk, the Authorized Officers, and the other officers of the District are hereby severally authorized and directed to execute and deliver any and all documents, written requests, certificates and representations, including but not limited to signature certificates, no-litigation certificates, tax and rebate certificates, the letter of representations to The Depository Trust Company and certificates concerning the contents of the Official Statement distributed in connection with the sale of the 2016 Green Bonds, necessary or desirable to accomplish the transactions set forth above and to administer the documents authorized hereby.

Section 9. All actions heretofore taken by the officers and agents of the District with respect to the sale, execution and delivery of the 2016 Green Bonds are hereby approved and confirmed.

Section 10. This Resolution shall take effect from and after its date of adoption.

* * * * *

PASSED AND ADOPTED this 10th day of August, 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Clerk
Board of Directors

President
Board of Directors

APPROVED AS TO FORM:

General Counsel

CLERK'S CERTIFICATE

I, _____, District Clerk of the Board of the Midpeninsula Regional Open Space District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said District duly and regularly held at the regular meeting place thereof on the 10th day of August, 2016, of which meeting all of the members of said Board had due notice and at which a majority thereof were present; and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at 330 Distel Circle, Los Altos, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand and the seal of the Midpeninsula Regional Open Space District this ____ day of _____, 2016.

District Clerk

INDENTURE

Dated as of September 1, 2016

by and between the

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

and

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION,

as Trustee

Relating to the

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
GREEN BONDS, 2016 REFUNDING

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INDENTURE

This Indenture (the “Indenture”), dated as of September 1, 2016, by and between the Midpeninsula Regional Open Space District, a regional open space district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and Zions Bank, a division of ZB, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Midpeninsula Regional Open Space District (the “District”) is authorized by law to issue refunding revenue bonds to refinance any obligations theretofore entered into by it; and

WHEREAS, the District has determined that it is in the best interests of the District and is necessary and proper for District purposes that the District issue its Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding (the “2016 Green Bonds”) to refund its outstanding obligations under certain outstanding promissory notes (the “2007 Notes”) held by the Midpeninsula Regional Open Space District Financing Authority (the “Authority”) the payment of which secures the Authority’s 2007 Series A Revenue Refunding Bonds (the “2007 Authority Bonds”), and to prepay its obligations under that certain Lease Agreement, dated as of May 1, 2011, by and between the District and the Authority, the payment of lease payments under which secures the Authority’s 2011 Revenue Bonds (the “2011 Authority Bonds” and, together with the 2007 Authority Bonds, the “Prior Bonds”); and

WHEREAS, the District has determined that all things necessary to cause the 2016 Green Bonds, when duly executed by the District and authenticated and delivered by the Trustee as provided herein, to be legal and valid special obligations of the District enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the purposes and uses herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution, authentication and delivery of the 2016 Green Bonds, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the District anticipates that additional series of bonds may be issued pursuant hereto;

NOW THEREFORE, THE INDENTURE WITNESSETH, that in order to declare the conditions and terms upon and subject to which the 2016 Green Bonds and subsequent series of Bonds are to be issued, and to secure the payment of the interest on and principal of and redemption premiums, if any, on all Bonds at any time executed, authenticated and delivered hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms contained herein and therein, and in consideration of the premises and of the mutual agreements and covenants contained herein and of the purchase and acceptance of the 2016 Green Bonds and subsequent series of Bonds by the respective registered owners thereof from time to time, and for other valuable consideration, the receipt whereof is hereby acknowledged, the District does hereby agree and covenant with the

Trustee, for the benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of the Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“2007 Notes” means the District’s outstanding (a) 2007 Refunding Notes (1996 Project Lease – 2nd Issue), (b) 2007 Refunding Notes (1996 Promissory Notes), (c) 2007 Refunding Notes (1999 Project Lease – 2nd Issue), and (d) 2007 Refunding Notes (1999 Promissory Notes), originally issued in 2007 in the total aggregate principal amount of \$52,415,000 to prepay prior obligations of the District.

“2007 Authority Bonds” means the Authority’s 2007 Series A Revenue Refunding Bonds (1996 and 1999 Refinancing Project) originally issued in 2007 in the aggregate principal amount of \$52,415,000.

“2011 Authority Bonds” means the Authority’s 2011 Revenue Bonds originally issued in 2011 in the aggregate principal amount of \$20,500,000.

“2011 Lease Agreement” means that certain Lease Agreement by and between the District and the Midpeninsula Regional Open Space District Financing Authority, dated as of May 1, 2011.

“2016 Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as the Escrow Agent for the 2011 Authority Bonds.

“2016 Escrow Agreement” means that certain Escrow Agreement executed and entered into as of September 1, 2016, by and between the District, the Authority and the 2016 Escrow Agent relating to the prepayment of a portion of the obligations under the 2011 Lease Agreement and the redemption of the 2011 Authority Bonds as provided therein.

“2016 Escrow Fund” means the Midpeninsula Regional Open Space District 2016 Escrow Fund established pursuant to the 2016 Escrow Agreement.

“2016 Green Bonds” means the _____ dollars (\$_____) aggregate principal amount of the Bonds constituting the Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding authorized, executed, issued and delivered by the District under and pursuant to the Law and under and pursuant hereto and that are secured hereby.

“Authority” means the Midpeninsula Regional Open Space District Financing Authority, a Joint Powers Authority established pursuant to the laws of the State of California.

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

“Bond Redemption Fund” means the Bond Redemption Fund established pursuant to Section 5.02.

“Bonds” means all bonds (including the 2016 Green Bonds) of the District authorized, executed, issued and delivered by the District under and pursuant to the Law and this Indenture, the payments of which are on a parity with each other [and with the payment of the District’s promissory notes and other obligations] and which are secured by a pledge of and lien on the Revenues.

“Business Day” means any day (other than a Saturday or a Sunday) on which banks and the Trustee are open for business.

“Certificate of the District” means an instrument in writing signed by the General Manager of the District or the Controller of the District, or by any other officer of the District duly authorized by the Board of Directors for that purpose.

“Code” means the Internal Revenue Code of 1986 and all then applicable regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

“Costs of Issuance” means all costs and expenses directly or indirectly payable by or reimbursable to the District related to the authorization, sale, execution and initial delivery of a series of Bonds, including, but not limited to, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and any Escrow Agent (including fees and expenses of their counsel), rating agency fees, surety and bond insurance premiums, legal fees and charges and fees and charges of other consultants and professionals, together with all fees and charges for preparation, execution and safekeeping of the Bonds, and any other cost, charge, fee or expense in connection with the authorization, sale, execution and initial delivery of a series of Bonds.

“Costs of Issuance Fund” means the Midpeninsula Regional Open Space District Revenue Bonds Costs of Issuance Fund established pursuant to Section 3.01(b) or such other costs of issuance fund as may be created pursuant to a Supplemental Indenture, as applicable.

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to

the gross amount necessary to pay such interest on the Bonds and is invested in Defeasance Securities which mature no later than the related Interest Payment Date, (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period; and (4) that portion of the principal and interest on Promissory Notes required to be made at the times provided in the notes during such period.

“Defeasance Securities” means non-callable (1) cash; (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGS”); (3) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities; (4) Resolution Funding Corp. (REFCORP) strips (interest component only) which have been stripped by request to the Federal Reserve Bank of New York in book entry form; (5) pre-refunded municipal bonds rated by Moody’s and by S&P at the level that U.S. obligations are rated, or if not rated by Moody’s, then pre-refunded bonds that have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or other pre-refunded municipal obligations; and (6) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank direct obligations or fully guaranteed certificates of beneficial ownership, (b) Farmers Home Administration (FmHA) certificates of beneficial ownership, (c) Federal Financing Bank, (d) General Services Administration participation certificates, (e) U.S. Maritime Administration Guaranteed Title XI financing, (f) U.S. Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures – U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

“District” means the Midpeninsula Regional Open Space District, a regional open space district duly organized and existing under and by virtue of the laws of the State of California.

“District Act” means Article 3 of Chapter 3 of Division 5 of the Public Resources Code, and all laws amendatory thereof or supplemental thereto.

“Event of Default” means an event described as such in Section 9.01.

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor and the Government Accounting Standards Board or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Financial Accounting Standards Board or its successor.

“Indenture” means this Indenture dated as of September 1, 2016 between the District and the Trustee and all Supplemental Indenture Notes.

“Independent Certified Public Accountant” means any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as a member of the Board of Directors or an officer or employee of the District, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Promissory Notes” means all notes of the District authorized and executed by the District under and pursuant to the Law, the payments under which are payable on a parity with the payment of the Bonds and which are secured by a pledge of and lien on Revenues in accordance with Section 2.12.

“Interest Payment Date” means any March 1 or September 1 on which interest on any of the Bonds is scheduled to be paid.

“Law” means the District Act, as amended, and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds executed, authenticated and delivered hereunder except:

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid pursuant to Section 10.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the District and authenticated and delivered by the Trustee pursuant to Section 2.09.

“Owner” means the registered owner of any Outstanding Bond, as shown in the registration books maintained by the Trustee pursuant to Section 2.08.

“Permitted Investments” means any of the following to the extent then permitted by law:

(1) Defeasance Securities;

(2) any obligations which are then legal investments for moneys of the District under the laws of the State of California and comply with the District’s investment policy; provided that such investments shall be rated at the time of investment in the highest short-term or one of the three highest long-term rating categories by Moody’s and S&P;

(3) money markets or mutual funds which are rated at the time of investment by S&P “AAAm-G” or “AAAm” or higher and, if rated by Moody’s, are rated at the time of investment “Aaa” or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

(4) the County of Santa Clara Investment Pool;

(5) the Local Agency Investment Fund of the State of California; and

(6) Savings accounts or deposit accounts (including those of the Trustee and its affiliates), but only to the extent that the amounts being invested in such savings accounts or deposit accounts are fully insured by the FDIC.

“Promissory Notes” means the outstanding promissory notes of the District payable from the Revenues.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee in Los Angeles, California; provided, that for the purposes of the transfer, registration, exchange, payment and surrender of the Bonds, the term “Principal Corporate Trust Office” shall mean such office as may be designated by the Trustee from time to time.

“Principal Payment Date” means any September 1 on which principal of any of the Bonds is scheduled to be paid.

“Prior Bonds” means the 2007 Authority Bonds payable from the 2007 Notes, and the portion of the 2011 Authority Bonds subject to redemption and payable from the payments made by the District under the 2011 Lease Agreement.

“Rebate Fund” means the Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding Rebate Fund established pursuant to Section 6.03.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the month, preceding such Interest Payment Date, whether or not such day is a Business Day.

“Refunding Fund” means the Refunding Fund established pursuant to Section 3.01(a).

“Revenues” means the revenues, income and investment earnings received by the District, including the District’s share of the general one percent ad valorem property tax levied in the District by the Board of Supervisors of the County of Santa Clara and the Board of Supervisors of the County of San Mateo and allocated to the District, except for any revenue restricted to a specific purpose and not legally available to pay Debt Service such as the ad valorem taxes levied for the payment of the District’s voter approved general obligation bonds.

“Revenue Fund” means the Midpeninsula Regional Open Space District Revenue Fund now existing in the treasury of the District.

“Serial Bond” means a Bond for which no sinking fund payments are provided.

“Supplemental Indenture” means any indenture then in full force and effect which has been executed by the District and the Trustee, amendatory hereto or supplemental hereto and executed in accordance with the terms hereof.

“Tax Certificate” means the certificate, dated the date of the original issuance and delivery of the 2016 Green Bonds, with respect to the requirements of certain provisions of the Code, as such certificate may from time to time be amended or supplemented in accordance with its terms, or any additional Tax Certificate as may be executed and delivered in connection with a subsequent series of Bonds, as applicable.

“Term Bond” means a Bond which is payable on or before its specified maturity date from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Trustee” means Zions Bank, a division of ZB, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, acting in its capacity as trustee under and pursuant hereto, and its successors or assigns, or any other bank or trust company or national banking association at its Principal Corporate Trust Office which may at any time be substituted in its place as provided in Section 7.01.

“Written Request of the District” means an instrument in writing signed by the General Manager of the District, or by any other officer of the District duly designated by the Board of Directors for that purpose.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Trustee for the benefit of the Owners from time to time of all the Bonds executed, authenticated and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and the principal of and the redemption premiums, if any, on all such Bonds, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed on behalf of the District shall be for the equal and proportionate benefit, security and

protection of the Owners from time to time of all Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2016 REFUNDING BONDS

SECTION 2.01. Authorization and Purpose of 2016 Green Bonds.

(a) The Board of Directors has reviewed all proceedings heretofore taken relative to the authorization of the 2016 Green Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by the Law to exist, happen and be performed precedent to the issuance of the 2016 Green Bonds do exist, have happened and have been performed in due time, form and manner as required by the Law, and that the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the 2016 Green Bonds under the Law in the aggregate principal amount of _____ dollars (\$_____) in the form and manner provided herein. The 2016 Green Bonds shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated the “Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding” and shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The 2016 Green Bonds may contain or have endorsed thereon such descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the 2016 Green Bonds are to be issued is to provide funds to the District which will be sufficient to provide for the refunding of the Prior Bonds and cause the prepayment of the 2007 Notes and (as provided in the 2016 Escrow Agreement) to prepay a portion of its obligations under the 2011 Lease Agreement and thereby cause the redemption of a corresponding portion of the 2011 Authority Bonds, and to pay all Costs of Issuance.

(c) From and after the issuance of the 2016 Green Bonds, the findings and determinations of the Board of Directors respecting the 2016 Green Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such 2016 Green Bonds is at issue, and no bona fide purchaser of any of the 2016 Green Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for the 2016 Green Bonds. The validity of the issuance of the 2016 Green Bonds shall not be dependent on or affected in any way by any proceedings taken by the District for the payment and refunding of any of the 2007 Notes or the Prior Bonds, and the recital contained in the 2016 Green Bonds that the 2016 Green Bonds are issued under and

pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all 2016 Green Bonds shall be incontestable from and after their issuance. The 2016 Green Bonds shall be deemed to be issued, within the meaning hereof, whenever the purchase price for the 2016 Green Bonds shall have been received by or on behalf of the District and the 2016 Green Bonds shall have been duly executed, authorized and delivered.

SECTION 2.02. Denominations of 2016 Green Bonds. The 2016 Green Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of 2016 Green Bonds maturing at any one time).

SECTION 2.03. Date and Maturity Dates of and Interest Rates on 2016 Green Bonds. The 2016 Green Bonds shall be dated the date of the initial delivery thereof, and shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2017	\$	%
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		

SECTION 2.04. Interest Payment Dates of 2016 Green Bonds. The interest on the 2016 Green Bonds shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable on March 1, 2017, and semiannually thereafter on March 1 and September 1 in each year. The 2016 Green Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless they are authenticated on a day during the period from the Record Date for an Interest Payment Date to such Interest Payment Date, both dates inclusive, in which event they shall bear interest from such Interest Payment Date, or unless they are authenticated on a day on or before the Record Date for the first Interest Payment Date, in which event they shall bear interest from their date; provided, that if at the time of authentication of any 2016 Green Bond interest is then in default on the Outstanding 2016 Green Bonds, such 2016 Green Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding 2016 Green Bonds.

SECTION 2.05. Form of 2016 Green Bonds. The 2016 Green Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A.

SECTION 2.06. Payment of Bonds. The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee, and the District and the Trustee shall deem and treat the registered owner of any Bond as the absolute owner of such Bond for all purposes hereof, whether such Bond shall be overdue or not, and neither the District nor the Trustee shall be affected by any notice or knowledge to the contrary. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.08 as the registered owner thereof at the close of business as of the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail on each Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds then Outstanding, payment shall be made at such Owner's option by wire transfer on each Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions given by such Owner to the Trustee by the applicable Record Date. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.08 as the registered owner thereof, such principal and redemption premiums, if any, to be paid upon surrender of the Bonds at the Principal Corporate Trust Office of the Trustee at maturity or upon prior redemption. All such payments of interest on and principal of and redemption premiums, if any, on the Bonds shall be valid and effectual to satisfy and discharge the liability on such Bonds to the extent of the sum or sums so paid.

SECTION 2.07. Execution of Bonds. The Bonds shall be signed on behalf of the District by the manual or facsimile signature of the President and Secretary of the Board of Directors of the District, whereupon they shall be delivered to the Trustee for authentication and delivery by the Trustee to the purchaser thereof upon receipt of a Written Request of the District; provided, that in case any officer of the District who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been delivered to the purchaser thereof by the Trustee, such Bonds may nevertheless be delivered by the Trustee, and upon such delivery shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery; and provided further, that any Bond may be signed on behalf of the District by any person who on the actual date of the execution of such Bond shall be the proper officer of the District, although on the nominal date of such Bond such person shall not have been such officer of the District. Only those Bonds that bear thereon a certificate of authentication manually executed by the Trustee shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of authentication of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed and delivered hereunder and are entitled to the benefits hereof.

SECTION 2.08. Transfer and Exchange of Bonds. The Trustee shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the

Bonds, which books shall at all times during normal business hours and upon reasonable prior notice be open to inspection by the District. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same maturity date and in authorized denominations in the same aggregate principal amount.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated in respect of the body of such Bond or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Trustee and upon the surrender of such mutilated Bond at the Principal Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss and upon receipt of indemnity satisfactory to the Trustee, and also upon payment of all expenses incurred by the District and the Trustee in the premises, the District shall execute and the Trustee shall authenticate and deliver at such office a new Bond or Bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Trustee shall determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost; provided, that if any such destroyed, stolen or lost Bond shall have matured, payment of the amount due thereon may be made by the District upon receipt of like proof, indemnity and payment of expenses.

Any replacement Bonds issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder, and the District and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and the replacement Bond shall be treated as one and the same.

SECTION 2.10. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate, and each temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds in authorized denominations of the same maturity date or dates, and until so

exchanged, the temporary Bonds shall be entitled to the same benefits as definitive Bonds issued hereunder.

SECTION 2.11. Use of Depository for Bonds.

(a) Notwithstanding anything to the contrary contained herein, the Bonds shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York, and shall be initially issued as one Bond for each of the maturities in the principal amounts set forth in Section 2.03, and The Depository Trust Company, New York, New York, is hereby appointed initial depository for the Bonds. After the initial registration of the Bonds, registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a “substitute depository”); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) to any substitute depository not objected to by the Trustee, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository; or (2) a determination by the District to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository; or (2) a determination by the District to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Bonds by the Trustee, together with a Written Request of the District to the Trustee, a new Bond for each maturity shall be executed, authenticated and delivered in the aggregate principal amount of the Bonds, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of all Bonds by the Trustee, together with a Written Request of the District to the Trustee, new Bonds shall be executed, authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such Written Request of the District, subject to the limitations of Section 2.02, and thereafter

the Bonds shall be transferred pursuant to the terms of Section 2.08; provided, that the Trustee shall not be required to deliver such new Bonds on a date prior to sixty (60) days after receipt of such Written Request of the District.

(c) The District and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by the District or the Trustee, and the District and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except to The Depository Trust Company or its successor (or substitute depository or its successor) as an Owner of any Bonds.

(d) So long as the Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Trustee shall cooperate with Cede & Co., as sole Owner, or its registered assigns, in effecting payment of the interest on and principal of and redemption premiums, if any, on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

SECTION 2.12. Additional Bonds and Promissory Notes. The District agrees and covenants that, until payment in full of all interest on and principal of the Bonds (or provision satisfactory for such payment shall have been made), it will incur no additional indebtedness or obligations payable from the Revenues having any priority in payment to the payment of the interest on or principal of the Bonds.

The District further agrees and covenants that it will incur no additional indebtedness or obligations that are secured by a pledge of and lien on or payable from the Revenues received by the District on a parity in payment of the interest on or principal of the Bonds unless:

(a) such issuance is in compliance with the District's Act which act currently requires that the aggregate principal amount of the proposed debt and of all Bonds and Promissory Notes that will be outstanding after the issuance of such debt shall not exceed an amount equal to the anticipated property tax revenue allocations for the next five-year period; and

(b) it shall have first filed with the Trustee a Certificate of the District (which the Trustee shall maintain in its files, but shall have no responsibility for the review or verification thereof) showing:

(i) The total Revenues received by the District in its most recent audited Fiscal Year, as shown by the most recent audited financial statement of the District;

(ii) The maximum annual Debt Service that will be payable following the proposed additional debt on (A) all outstanding Promissory Notes of the District and other obligations of the District that would be payable from Revenues on a parity with the Bonds, (B) the outstanding Bonds and (C) the proposed additional indebtedness that is to be secured by a pledge of and lien on or payable from the Revenues received by the District on a parity in payment of the interest on or principal of the Bonds; and

(iii) That the total defined in subparagraph (i) above is at least one hundred twenty-five percent (125%) of the total defined in subparagraph (ii) above.

Subsections (a) and (b) hereof notwithstanding, there shall be no limitations on the ability of the District to (1) issue any Bonds at any time to refund any outstanding Bonds or any outstanding Promissory Notes or other obligations payable on a parity transaction (provided that such refunding produces at least \$1 of net present value savings); or (2) execute any contract which is payable from Revenues on a subordinate basis to the payment by the District of the Bonds.

ARTICLE III

APPLICATION OF PROCEEDS

SECTION 3.01. Application of Proceeds of Sale of 2016 Green Bonds.

Upon the receipt of payment of the purchase price of the 2016 Green Bonds when the same shall have been duly issued by the District, the Trustee shall (upon receipt of a Written Request of the District) set aside and deposit such net purchase price of the 2016 Green Bonds in the following funds, in the following order:

(a) the Trustee shall transfer the amount of \$_____ to the 2016 Escrow Agent for deposit in the 2016 Escrow Fund, which money, will be sufficient for the 2016 Escrow Agent (as evidenced by a report of a verification agent or Independent Certified Public Accountant appointed by the District) to provide for the prepayment of a portion of the District's obligations under the Lease Agreement and the defeasance and redemption of the 2011 Authority Bonds subject to redemption on September 1, 2021; and

(b) the Trustee shall transfer the amount of \$_____ to The Bank of New York Mellon Trust Company, N.A., as prepayment of the 2007 Notes and which amount will be applied to the redemption of the 2007 Authority Bonds [and a portion of which payment will be used to make yield reduction payments to the Internal Revenue Service in the amount indicated in the verification report prepared with respect to such redemption];

(c) the Trustee shall deposit in the "Midpeninsula Regional Open Space District Revenue Bonds Costs of Issuance Fund" (which fund the Trustee shall establish and maintain) the remainder of such proceeds, being the amount of \$_____. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the

Costs of Issuance upon receipt of a Written Request of the District filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against such fund; provided, that on February 1, 2017, or upon a prior determination by the District that all Costs of Issuance have been paid (as set forth in a Certificate of the District so determining filed with the Trustee), any balance of money remaining in the Costs of Issuance Fund shall be withdrawn from the Costs of Issuance Fund by the Trustee and deposited in the Interest Fund.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Redemption of 2016 Green Bonds.

(a) Optional Redemption. The 2016 Green Bonds maturing on or after September 1, 20__ shall be subject to redemption prior to their stated maturity date at the option of the District, from any source of available funds, as a whole or in part on any date on or after September 1, 20__, at a redemption price equal to the principal amount of such 2016 Green Bonds called for redemption, together with accrued interest thereon to the date fixed for redemption, without premium.

(b) Mandatory Sinking Fund Redemption. The \$_____ Term Bond maturing on September 1, 20__, is also subject to mandatory sinking fund redemption on each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (September 1)	Principal Amount To be Redeemed
20__	\$
20__†	

† Maturity.

(c) The District shall give the Trustee written notice at least thirty (30) days (or such lesser time period acceptable to the Trustee) before any date fixed for the redemption of the 2016 Green Bonds called for redemption pursuant to Section 3.01(a), designating the portion thereof called for redemption and the date of such redemption.

SECTION 4.02. Partial Redemption of Bonds. If less than all of the Bonds are to be redeemed at any one time, the District shall select the maturities of the Bonds and the principal amount of each such maturity to be redeemed in its sole discretion. If less than all Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity to be redeemed by lot and shall promptly notify the District in writing of the numbers of such Bonds so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of \$5,000 multiples and any such multiple may be separately redeemed.

SECTION 4.03. Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Each notice of redemption shall state the date of such notice, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), the CUSIP number of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed, the redemption price thereof and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for redemption of such Bonds or the cessation of the accrual of interest on the redemption date.

In the event of redemption of Bonds, the Trustee shall mail a notice of redemption upon receipt of a Written Request of the District but only after the District shall file a Certificate of the District with the Trustee that on or before the date set for redemption, the District will deposit with or otherwise make available to the Trustee for deposit in the "Bond Redemption Fund" the money required for payment of the redemption price, including accrued interest, of all Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose), together with the estimated expense of giving such notice.

SECTION 4.04. Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the District, if it so requests, and shall not be reissued.

SECTION 4.05. Conditional Notice of Redemption. Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the District shall not be required to redeem such Bonds and the redemption shall be cancelled and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

SECTION 4.06. Rescission or Cancellation of Redemption. The District shall have the right to rescind any optional redemption by written notice of rescission. In addition, any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Any such rescission or cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission or cancellation of such redemption in the same manner as the original notice of redemption was sent.

ARTICLE V

REVENUES

SECTION 5.01. Pledge of Revenues. Pursuant to Section 5544.2(f) of the Act all Revenues are hereby irrevocably pledged to the payment of the Bonds and all other Promissory Notes in accordance with the terms thereof as provided herein and therein; provided, that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted by this article.

SECTION 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in the Midpeninsula Regional Open Space District Revenue Fund (the "Revenue Fund"), which fund the District agrees and covenants to maintain so long as any Bonds remain Outstanding. Based upon the adopted budget of the District, amounts to be received in the Revenue Fund exceeding the deposits to the debt service requirements set forth below, shall be surplus funds, which surplus funds may be budgeted and applied for any lawful purpose of the District.

The District shall transfer the following amounts from the Revenue Fund into the following respective funds at the times and in the manner and priority described hereinafter, which funds the Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding. The money in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Interest Fund. On or before the 25th day of the month next preceding each Interest Payment Date (commencing on February 25th, 2017), shall deposit in the Interest Fund an amount equal to the interest becoming due and payable to but not including such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds to but not including their respective Interest Payment Dates.

(b) Principal Fund. On or before the 25th day of the month next preceding each Principal Payment Date (commencing on August 25th, 2017), The District shall deposit in the Principal Fund an amount equal to the principal of the Bonds becoming due and payable on such date. All moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds on their respective Bond Payment Dates or redemption dates.

(c) Bond Redemption Fund. At the time that any payment is due to the Trustee for the purpose of optional or mandatory redemption, the District shall deposit in the Bond Redemption Fund an amount equal to the principal amount of, and interest on the Bonds being redeemed, plus the redemption premium, if any. All money in the Bond Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of, interest on, and redemption premium, if any due on the Bonds on their respective redemption dates.

(d) Excess Funds. Unless the District shall otherwise direct in writing, any amounts remaining in the Interest, Principal, and Bond Redemption Funds on the Business Day following September 1 of each year shall be returned to the District for deposit in the Revenue Fund.

ARTICLE VI

COVENANTS OF THE DISTRICT

SECTION 6.01. Punctual Payment. The District will punctually budget for and pay the interest on and principal of and redemption premiums, if any, on the Bonds in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Bonds required to be observed and performed by it.

SECTION 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on the Revenues except as provided herein. The District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on any Revenues as provided in Section 2.12; provided, that such additional pledge and lien shall be subordinate in all respects to the pledge of and lien on the Revenues provided herein.

SECTION 6.03. Tax Covenants and Matters; Rebate Fund. In addition to the funds established pursuant to Article V, the District hereby agrees and covenants to

establish and maintain with the Trustee a fund separate from any other fund established and maintained hereunder to be known as the “Rebate Fund.” Upon receipt of a Written Request of the District, there shall be deposited in the Rebate Fund such amounts furnished by the District as are required to be deposited therein pursuant to the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds, and 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 (as that term is defined in the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds), for payment to the United States of America; and notwithstanding the provisions hereof relating to the pledge of Revenues, the allocation of money in the Rebate Fund, the investments of money in any fund and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this section and by the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds (which are incorporated herein by reference) and by all Written Requests of the District related thereto filed with the Trustee, and the Trustee shall follow all such Written Requests of the District, and shall have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate or any subsequent tax certificate executed in connection with a subsequent series of Bonds; provided, that notwithstanding any provisions of this section, if the District shall provide to the Trustee an Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest with respect to the Bonds, the District and the Trustee may conclusively rely on such opinion in complying with the requirements of this section, and, notwithstanding anything to the contrary contained herein, the agreements and covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.04. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or any part thereof or on any funds in the hands of the District prior to or superior to the lien of the Bonds or which might impair the security of the Bonds; provided, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

SECTION 6.05. Payment of Taxes and Compliance With Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

SECTION 6.06. Financial Statements and Other Reports. (a) The District will prepare and file with the Trustee, as a supplement to the financial statements of the County, annually within ten (10) months after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2016), financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The Trustee shall have no duty to review such financial statements.

(b) On or before the first day of November in each Fiscal Year commencing with Fiscal Year 2016-17, the District will file with the Trustee a budget approved by the Board of Directors which includes all payments on Outstanding Bonds and Promissory Notes and other obligations payable from Revenues. Any budget may be amended at any time during any Fiscal Year and such amended budget shall be filed by the District with the Trustee. The Trustee shall have no responsibility for determining adequacy of any budget provisions required hereunder.

SECTION 6.07. Protection of Security and Rights of Owners. The District will preserve and protect the security of the Bonds and the rights of the Owners hereunder, and will warrant and defend such rights against all claims and demands of all persons.

SECTION 6.08. Continuing Disclosure. The District will comply with and carry out all of the provisions of any Continuing Disclosure Certificates (each a “Continuing Disclosure Certificate”) executed by the District and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision hereof, failure of the District to comply with a Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; provided, that the Trustee may, and at the request of the Owners of at least twenty-five per cent (25%) in aggregate principal amount of Outstanding Bonds whose Owners are beneficiaries of the Continuing Disclosure Certificate, shall (but only to the extent it is indemnified to its satisfaction, including indemnification from and against attorneys’ fees), or any Owner or Beneficial Owner (as that term is defined in the Continuing Disclosure Certificate) may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this section.

SECTION 6.09. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Owners of the rights and benefits provided to it herein.

ARTICLE VII

THE TRUSTEE

SECTION 7.01. The Trustee. Zions Bank, a division of ZB, National Association at its Principal Corporate Trust Office, is hereby appointed Trustee hereunder for the purpose of receiving all money which the District is required to deposit with the Trustee hereunder and to allocate, use and apply such money as provided herein.

The District at any time may (prior to the occurrence of an Event of Default which shall then be continuing), upon any breach of the trust set forth herein, remove any Trustee and appoint any successor thereto upon thirty (30) days’ written notice to the removed Trustee; provided, that any such successor Trustee shall be a bank or trust company or national banking association with a principal corporate trust office in the United States of America, and

that has a combined capital (exclusive of borrowed capital) and surplus of at least five hundred million dollars (\$500,000,000) and is subject to supervision or examination by federal or state authority. If such bank or trust company or national banking association publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books maintained by the Trustee pursuant to Section 2.08. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, that if no such successor shall have been appointed by the District within thirty (30) days after the receipt by the District of such notice, the resigning Trustee may petition any court of competent jurisdiction to appoint a successor Trustee.

Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only after a successor Trustee shall have been appointed and only upon the acceptance of appointment by the successor Trustee.

The Trustee is hereby authorized and directed to pay the interest on the Bonds on each Interest Payment Date as provided herein and to pay the principal of and the redemption premiums, if any, on the Bonds when duly presented for payment at maturity or on redemption prior to maturity, and to cancel and destroy all Bonds upon payment thereof and to deliver evidence of such cancellation and destruction to the District.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its duties and obligations hereunder, and, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, employees and agents harmless against any costs, expenses, losses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its duties and obligations hereunder. The Trustee's rights to indemnification and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated, or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party, or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, if such bank or trust company would be eligible under this section to serve as Trustee, shall be the successor Trustee hereunder without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 7.02. Liability of Trustee. The recitals of facts, agreements and covenants contained herein and in the Bonds shall be taken as statements, agreements and covenants of the District, and the Trustee does not assume any responsibility for the correctness of the same and does not make any representation as to the validity or sufficiency hereof or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of any Bonds, and shall not incur any responsibility in respect of any of the foregoing other than in connection with the duties or obligations assigned to or imposed upon it hereunder. The Trustee shall not be liable in connection with the performance of its duties and obligations hereunder except for its own negligence or willful misconduct.

The Trustee shall be under no obligation to exercise any of the rights vested in it hereunder at the request or direction of any Owner pursuant hereto unless such Owner shall have offered to the Trustee security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Except during the continuance of an Event of Default,

(a) the Trustee undertakes to perform such duties and obligations and only such duties and obligations as are specifically set forth herein, and no implied duties or obligations shall be read herein against the Trustee; and

(b) in the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements hereof.

In case an Event of Default has occurred and is then continuing, the Trustee shall exercise such rights vested in it hereby, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall not be accountable for the use by the District of any money which the Trustee releases to the District or which the District otherwise receives, or to verify compliance by the District with the provisions of Section 5.02 or Section 2.12. The Trustee shall not have any obligation to incur any financial or other liability or risk in performing any duty or obligation or in exercising any right or remedy hereunder. The Trustee shall be entitled to interest on all amounts advanced by it hereunder at the maximum interest rate permitted by law. Notwithstanding the foregoing, the Trustee shall not be required to advance its own funds. The Trustee in its individual or other capacity may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Trustee.

The Trustee shall not be deemed to have knowledge of any Event of Default (other than a payment default hereunder) until an officer of the Trustee at its Principal Corporate Trust Office has been notified by the District in writing that such an Event of Default has occurred. The Trustee shall not be bound to ascertain or inquire as to the performance or

observance by any other party of any of the agreements, conditions, covenants or terms hereof or of any of the documents executed in connection with the Bonds.

The Trustee shall not have any duty to review any financial statement filed with it by the District.

Before taking action under Article IX or upon the direction of the Owners, the Trustee may require that indemnity satisfactory to it be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

SECTION 7.03. Notice to Trustee. The Trustee shall be protected in acting upon any bond, certificate, consent, indenture, notice, order, report, request, requisition or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

ARTICLE VIII

AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

SECTION 8.01. Procedure for Amendment of or Supplement to the Indenture. The Indenture and the rights and obligations of the District and of the Owners may be amended or supplemented at any time by a Supplemental Indenture which shall become binding when the written consents of Owners of more than fifty per cent (50%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.02) are filed with the Trustee; provided, that no such amendment or supplement shall (1) extend the maturity of any Bond, or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the interest thereon or the principal thereof or any redemption premium thereon or to pay any sinking fund account payment therefor at the time and place and at the rate and in the currency and from the funds provided herein without the

express written consent of the Owner of such Bond; or (2) permit the creation by the District of any mortgage, pledge or lien upon the Revenues and the other funds provided herein superior to or on a parity with the pledge and lien created herein for the benefit of the Bonds and the Promissory Notes; or (3) reduce the percentage of Bonds required for the written consent to any amendment hereof or supplement hereto; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Owners may also be amended or supplemented at any time by a Supplemental Indenture which shall become binding upon execution, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the agreements and covenants of the District contained herein other agreements and covenants thereafter to be observed, or to surrender any right or remedy herein reserved to or conferred upon the District;

(b) to make such provisions for the purpose of curing any ambiguity contained herein or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder as the District may deem necessary or desirable and not inconsistent herewith, which shall not materially adversely affect the interests of the Owners;

(c) to provide for the issuance of any additional Bonds and to provide the terms and conditions under which such additional Bonds may be issued, subject to and in accordance with the provisions hereof;

(d) to amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other agreements, conditions, covenants and terms as may be permitted by said act or any similar federal statute, which shall not materially adversely affect the interests of the Owners of the Bonds;

(e) to maintain the exclusion under the Code of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest from State of California personal income taxes;

(f) for any other purpose that does not materially adversely affect the interests of the Owners.

The Trustee may conclusively rely upon and accept an Opinion of Counsel that an amendment hereof is in conformity with the provisions of this article.

SECTION 8.02. Disqualified Bonds. Any Bonds owned or held by or for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for herein, and shall not be entitled to consent to, or take any other action provided for herein.

SECTION 8.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Bond Outstanding on such effective date and presentation of such Owner's Bond for the purpose at the Principal Corporate Trust Office, a suitable notation as to such action shall be made on such Bond; provided, that if the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 8.04. Amendment by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

SECTION 8.05. Notice to and Consent of Owners. If consent of the Owners of the Bonds is required under the terms of this Indenture for the amendment of this Indenture or for any other similar purpose, the District shall cause notice of the proposed amendment to be given by first-class mail to the Owners of the Outstanding Bonds then shown on the registration books for the Bonds. Such notice shall briefly set forth the nature of the proposed amendment or other action and shall state that copies of any such amendment are on file at the office of the District and the Principal Corporate Trust Office of the Trustee for inspection by all Owners of the Bonds. If, within sixty (60) days or such longer period as shall be prescribed by the District following the mailing of such notice, the Owners of the requisite principal amount of the Bonds Outstanding by instruments filed with the District shall have consented to the amendment or other proposed action, then the District may adopt or execute, as appropriate, such amendment or take such proposed action and the consent of the Owners shall thereby be conclusively presumed. Such instruments filed with the District may include documents, including Certificates of the District, stating that Owners of Bonds have consented to an amendment by purchasing such Bonds if the official statement or other disclosure document related to such purchase disclosed that the purchase of the Bonds was deemed to mean that the Owners consented to the amendment.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 9.01. Events of Default. Each of the following events (each an "Event of Default") shall constitute a default hereunder:

- (a) if default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made in the due and punctual payment of the principal of or the redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(c) if default shall be made by the District in the observance or performance of any of the other agreements, conditions, covenants or terms on its part contained herein or in the Bonds, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Trustee; provided, that such default shall not constitute an Event of Default hereunder if the District shall commence to cure such default within such thirty (30)-day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time; or

(d) if the District shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or the State of California, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or the State of California, or 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 District or of the whole or any substantial part of its property;

(e) if the District shall fail to pay any principal or interest when due under any Promissory Note;

SECTION 9.02. Application of Funds Upon Default; No Acceleration. If an Event of Default shall occur and be continuing, the District 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 this Indenture (excluding the Rebate Fund) in the following order:

First, to the payment of the costs, fees and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, attorneys and counsel, and thereafter to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel;

Second, upon presentation of the several Bonds and Promissory Notes, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the principal of and interest on the Bonds and Promissory Notes in the order in which they become due.

Third, to any other obligations of the District then due and payable.

SECTION 9.03. Remedies of Owners. In an Event of Default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated to:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the officers and employees of the District, and to compel the District or any such officers or employees to perform and carry out their duties under the Law and their agreements and covenants with the Owners as provided herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its officers and employees to account for the Revenues as the trustee of an express trust.

SECTION 9.04. Non-Waiver. Nothing in this article or in any other provision hereof, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and the principal of and the redemption premiums, if any, on the Bonds to the respective Owners of the Bonds at the scheduled dates of maturity or upon prior redemption as herein provided out of the Revenues and the other funds provided herein pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and herein.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach, and no delay or omission by any Owner to exercise any right accruing upon any default hereunder shall impair any such right or shall be construed to be a waiver of any such default or an acquiescence therein, and every remedy conferred upon the Owners by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 9.05. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; provided, that the Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense, including without limitation fees and expenses of its attorneys

SECTION 9.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Bonds. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and herein, then the Owners of such Bonds shall cease to be entitled to the pledge of Revenues and the other funds provided herein, and all agreements, covenants and other obligations of the District to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Any Outstanding Bonds shall prior to the scheduled maturity dates thereof be deemed to have been paid within the meaning of and with the effect expressed in the first paragraph of this section (except that the District shall remain liable for the payment of such Bonds, but only from the money deposited with the Trustee as herein provided) if there shall have been deposited with the Trustee money to be held in trust by the Trustee sufficient for such payment at the maturity dates thereof or the redemption dates thereof.

Any Outstanding Bonds shall prior to the scheduled maturity dates thereof be deemed to have been paid within the meaning of and with the effect expressed in the first paragraph of this section (except that the District shall remain liable for the payment of such Bonds, but only from the money or Defeasance Securities deposited with the Trustee as herein provided) if (1) there shall have been deposited with the Trustee or escrow agent either money in an amount which shall be sufficient or Defeasance Securities which are not subject to redemption prior to maturity (including any Defeasance Securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the interest on and the principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee or escrow agent at the same time, shall be sufficient (as evidenced by a report of an Independent Certified Public Accountant or verification agent obtained by the District and filed with the Trustee) to pay when due the interest to become due on such Bonds on and prior to the maturity dates thereof or the redemption dates thereof and the principal of and the redemption premiums, if any, on such Bonds on the maturity dates thereof or the redemption dates thereof; and (2) the District shall have given the Trustee (in form satisfactory to the Trustee) irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (1) of this paragraph has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section, and stating the maturity dates thereof or the redemption dates thereof upon which money is to be available

for the payment of the principal of and the redemption premiums, if any, on such Bonds; provided, that no Defeasance Securities or money deposited with the Trustee or escrow agent pursuant to this section (nor any interest on or principal payments of such Defeasance Securities) shall be withdrawn or used for any purpose other than, and such Defeasance Securities and money shall be held in trust for, the payment of the interest on and the principal of and the redemption premiums, if any, on such Bonds as provided herein, except that any money received from such interest on or principal payments of such Defeasance Securities deposited with the Trustee or escrow agent which is not then needed for the foregoing purpose shall, to the extent practicable, be reinvested as specified in a Written Request of the District filed with the Trustee or escrow agent in Defeasance Securities maturing at the times and in the amounts sufficient to pay when due the interest on and the principal of and the redemption premiums, if any, on such Bonds on and prior to such maturity dates thereof or redemption dates thereof, and all interest earned from such reinvestments shall be deposited in the Revenue Fund.

After the payment of the interest and principal and redemption premiums, if any, on all Outstanding Bonds as provided in this section, the Trustee shall (after the payment of all amounts due to it hereunder) execute and deliver to the District all such instruments as may be necessary or desirable to evidence the discharge and satisfaction hereof, and the Trustee shall pay over or deliver to the District all money or deposits or investments held by it pursuant hereto which are not required for the payment of the interest and principal and redemption premiums, if any, on the Bonds.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or the principal of or the redemption premiums, if any, on any of the Bonds which remains unclaimed for two (2) years after the date when such payments have become due and payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such payments became due and payable, shall be repaid by the Trustee to the District as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the making of such payments; provided, that before being required to make any such payment to the District, the Trustee shall mail by first class mail to the Owners of such Bonds (at the expense of the District) at their addresses as they appear in the registration books maintained by the Trustee pursuant to Section 2.08 a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of District Limited to Revenues and Certain Other Funds. Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the Revenues and the other

funds provided herein for the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds or for the observance or performance of any agreements, conditions, covenants or terms contained herein (except that the District's obligation to pay the Rebate Requirement (as that term is defined in the Tax Certificate) to the United States of America shall be considered a general obligation of the District and shall be payable from any available funds of the District); provided, that the District may advance funds for any such payment as long as such funds are derived from a source legally available for such purpose.

The Bonds are special obligations of the District and are payable, as to the interest thereon and the principal thereof and the redemption premiums, if any, thereon, solely from the Revenues pledged hereunder, and the District is not obligated to pay them except from the Revenues. All of the Bonds and the Promissory Notes are equally secured by a pledge of, and charge and lien upon, the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and the principal of and the redemption premiums, if any, on the Bonds and the Promissory Notes as provided herein. No persons executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

SECTION 11.02. Benefits of the Indenture Limited to Certain Parties.

Nothing herein, expressed or implied, is intended to give to any person other than the District the Trustee and the Owners any right or remedy under or by reason hereof, and any agreements, conditions, covenants or terms hereof required to be observed or performed by and on behalf of the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 11.03. Successor Is Deemed Included in All References to Predecessor. Whenever herein either the District or any officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the District's facilities, that are presently vested in the District or such officer or employee, and all the agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.04. Execution of Documents by Owners. Any consent, declaration, request or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such consent, declaration, request or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state, territory or commonwealth in which he purports to act that the person signing such consent, declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Any consent, declaration, request or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the District in good faith and in accordance therewith.

SECTION 11.05. Waiver of Personal Liability. No member of the Board of Directors or officer or employee of the District shall be individually or personally liable for the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds; but nothing contained herein shall relieve any member of the Board of Directors or officer or employee of the District from the performance of any official duty provided by law or provided herein.

SECTION 11.06. Content of Certificates and Reports. Every certificate or report with respect to compliance with an agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or report are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representation by counsel unless such officer knows that the certificate or opinion or representation with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon the opinion of or representation by an officer or officers of the District unless such counsel knows that the opinion or representation with respect to the matters upon which his opinion or representation may be based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

SECTION 11.07. Investment of Money in Funds. Upon receipt of a Written Request of the District by the Trustee at least two (2) Business Days prior to the date of such investment, all money in the Bond Redemption Fund or the Rebate Fund shall be invested by the Trustee in those Permitted Investments specified in such Written Request of the District; provided, that the Trustee shall be under no liability for the purchase of any Permitted Investment in accordance with any such Written Requests or any losses thereon; and provided further, that the Permitted Investments in which money in the Bond Redemption Fund or the Rebate Fund shall be invested shall mature prior to the date on which such money is estimated to be required to be paid out hereunder or thereunder, and provided further, that in the absence of any such Written Request of the District regarding investments, the Trustee shall leave such

funds uninvested. Any interest, income or profits from the deposits or investments of money in the Rebate Fund shall remain in the Rebate Fund, and on March 1 and September 1 of each year (beginning on March 1, 2017) any interest, income or profits from the deposits or investments of money in the Bond Redemption Fund shall be deposited in the Revenue Fund. For purposes of determining the amount on deposit in any fund held hereunder, all investments credited to such fund shall be valued at the face value thereof if such investments mature within twelve (12) months from the date of valuation, or if such investments mature more than twelve (12) months after the date of valuation, at the price at which such investments are redeemable by the holder, at his option, if so redeemable, or if not so redeemable, at the market value of such investments, and except as otherwise provided in this section, Permitted Investments or Defeasance Securities representing an investment of money attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of such fund.

Notwithstanding anything to the contrary contained herein, in making any valuations of investments hereunder, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and may rely thereon. The Trustee or its affiliates may act as principal or agent in the making or disposing of any investment and may also act as sponsor, advisor or manager in connection with any investments. The Trustee may commingle the accounts and funds established hereunder for investment purposes, but shall account for each account and fund separately. The Trustee shall have no liability for any losses incurred with respect to any investment acquired or disposed of in accordance with this section. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District will not receive such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

SECTION 11.08. Notice by Mail. Any notice required to be given by mail to any Owners shall be given by mailing a copy of such notice, first class postage prepaid, to such Owners at their addresses appearing in the registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 not less than twenty (20) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 11.09. Maintenance of Funds. Any fund required hereby to be established and maintained by the District or the Trustee may be established and maintained in the accounting records of the District or the Trustee either as an account or fund, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or as a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 11.10. Business Days. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day that is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 11.11. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof (and in the table of contents appended hereto) shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders, and all references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 11.12. Governing Law. The Indenture shall be governed and construed in accordance with the Law and the laws of the State of California.

SECTION 11.13. Notices. Whenever any notice is required to be given hereunder, such notice shall be mailed, first class mail, postage prepaid to the following parties at the following addresses:

If to the District:

Midpeninsula Regional Open Space District
330 Distel Circle
Los Altos, CA 94022

If to the Trustee:

Zions Bank, a division of ZB, National Association
550 S. Hope Street, Suite 2875
Los Angeles, CA 90071
Attn: Corporate Trust Department

SECTION 11.14. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms or portions thereof provided herein to be observed or performed on the part of the District or of the Trustee should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions,

sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.15. Execution in Several Counterparts. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Midpeninsula Regional Open Space District has caused the Indenture to be executed in its name and on its behalf by the General Manager and to be attested by the Clerk of the Board of Directors of the District, and Zions Bank, a division of ZB, National Association, as Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be executed in its corporate name by its duly authorized officer, all as of the date and year first above written.

MIDPENINSULA REGIONAL OPEN
SPACE DISTRICT

By: _____
General Manager

ATTEST:

Clerk of the Board of Directors

ZIONS BANK, A DIVISION OF ZB,
NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

[To be Updated]

EXHIBIT A

FORM OF 2016 REFUNDING BONDS

No. _____

\$ _____

UNITED STATES OF AMERICA
 STATE OF CALIFORNIA
 COUNTIES OF SANTA CLARA AND SAN MATEO

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
 GREEN BOND, 2016 REFUNDING

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Bond Date</u>	<u>CUSIP</u>
_____ %	September 1, _____	_____, 2016	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Midpeninsula Regional Open Space District, a regional open space district duly organized and existing under and pursuant to the laws of the State of California (the "District"), for value received hereby promises to pay (but only from the Revenues and the other funds hereinafter referred to) to the registered owner set forth above on the maturity date set forth above the principal amount set forth above (subject to any right of prior redemption hereinafter provided for), together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated on a day during the period from the day prior to a Record Date (as that term is hereinafter defined) for an interest payment date to such interest payment date, both dates inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on a day on or before the Record Date for the first interest payment date, in which event it shall bear interest from its date) until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable on March 1, 2017, and semiannually thereafter on September 1 and March 1 in each year. The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by Zions Bank, a division of ZB, National Association (the "Trustee") at its Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") as the registered owner hereof at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date (each, a "Record Date"), with such interest to be paid by check mailed by first class mail on each interest payment date to such registered owner at his address as it appears on such books, except that in the case of a registered

owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each interest payment date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions given by such owner to the Trustee by the applicable Record Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid upon surrender of this Bond to the Trustee at its Principal Corporate Trust Office at maturity or upon prior redemption. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America.

This Bond is one of a duly authorized issue of Bonds of the District in the aggregate principal amount of _____ (\$_____) designated the "Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding" (the "Bonds") issued by the District to provide funds to the District which will be sufficient to provide for the refunding of the District's Prior Bonds (as defined in the Indenture) issued to refinance the construction of certain regional open space facilities, which Bonds are issued under and pursuant to the Act and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Law"), and under and pursuant to the provisions of an Indenture executed and entered into as of September 1, 2016 (the "Indenture") by and between the District and the Trustee, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the Board of Directors of the District and at the Principal Corporate Trust Office of the Trustee), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are subject to redemption prior to maturity as set forth in Appendix A hereto.

The Bonds are special obligations of the District and are payable, as to the interest thereon and the principal thereof and the redemption premiums, if any thereon, solely from the Revenues (as that term is defined in the Indenture and herein the "Revenues") and certain other funds provided in the Indenture, and the District is not obligated to pay them except from the Revenues and such other funds. All the Bonds, together with any additional Promissory Notes executed by the District payable from the Revenues and any additional revenue refunding bonds issued by the District payable from the Revenues (all as provided in the Indenture), are equally secured by a pledge of, and charge and lien upon, the Revenues and such other funds, and the Revenues and such other funds constitute a trust fund for the security and payment of the interest

on and the principal of and the redemption premiums, if any, on the Bonds (and such other parity obligations) as provided in the Indenture. The Bonds are not a debt of the District, the State of California or any of its political subdivisions, and neither the District, the State of California nor any of its political subdivisions is liable hereon, nor in any event shall the Bonds or any interest thereon or any redemption premiums thereon be payable out of any funds or properties other than those of the District. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation or restriction, and no persons executing the Bonds are liable on the Bonds personally by reason of their issuance. Additional Promissory Notes payable from the Revenues and such other funds may be executed by the District and additional revenue refunding bonds payable from the Revenues and such other funds may be issued by the District which will rank equally as to security with the Bonds, but only subject to the terms and conditions set forth in the Indenture.

The District has covenanted and warranted that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all such existing and additional Promissory Notes and all such additional revenue refunding bonds when due, there has been created and will be maintained by the District the Midpeninsula Regional Open Space District Revenue Fund (as that term is defined in the Indenture) into which all Revenues (as that term is defined in the Indenture) shall be deposited, and as an irrevocable charge the District has allocated the Revenues to the payment of the interest on and principal of and redemption premiums, if any, on and any sinking fund account payments for the Bonds and all such existing and additional Promissory Notes and all such additional revenue refunding bonds, and the District will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue and all such existing and additional Promissory Notes and all such additional revenue refunding bonds out of the Revenues and such other funds, all in accordance with the terms and provisions set forth in the Indenture.

The Bonds are issuable in the form of fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of authorized denominations in the same aggregate principal amount, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Trustee by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended or supplemented at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment or supplement shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon or to pay any sinking fund account payment herefor at the time and place and at the rate and in the currency and from the funds provided in the Indenture without the express written consent of the registered owner of this Bond; or (2) permit the creation by the District of any mortgage, pledge or lien upon the Revenues and such other funds superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds and such existing and additional Promissory Notes and such additional revenue refunding bonds authorized to be executed and issued under the Indenture; or (3) reduce the percentage of Bonds required for the written consent to an amendment of or supplement to the Indenture; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

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

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the Midpeninsula Regional Open Space District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of the President and the Secretary of the Board of Directors of the District and has caused this Bond to be dated _____, 2016.

MIDPENINSULA REGIONAL OPEN SPACE
DISTRICT

By: _____
President of the Board of Directors of the
Midpeninsula Regional Open Space District

MIDPENINSULA REGIONAL OPEN
SPACE DISTRICT

By: _____
Secretary of the Board of Directors of the
Midpeninsula Regional Open Space District

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON 2016 REFUNDING BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on _____.

ZIONS BANK, A DIVISION OF ZB, NATIONAL
ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON 2016 REFUNDING BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

[ENDORSEMENT TO APPEAR ON 2016 REFUNDING BONDS]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR

OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

ESCROW AGREEMENT

Dated as of September 1, 2016

by and between the

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

and

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Escrow Agent

RELATING TO THE
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
FINANCING AUTHORITY 2011 REVENUE BONDS

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ESCROW AGREEMENT

This Escrow Agreement (the “Escrow Agreement”), dated as of September 1, 2016, by and among the Midpeninsula Regional Open Space District, a regional open space district duly organized and existing under and by virtue of the laws of the State of California (the “District”), the Midpeninsula Regional Open Space District Financing Authority, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, and having a corporate trust office in Los Angeles, California, and being qualified to accept and administer the escrow hereby created (the “Escrow Agent”);

WITNESSETH:

WHEREAS, the District previously entered into a Lease Agreement (the “Lease Agreement”), dated as of May 1, 2011, by and between the District and the Authority, under which the District remits lease payments to the Authority (the “Lease Payments”); and

WHEREAS, the Authority duly issued and delivered \$20,500,000 principal amount of its 2011 Revenue Bonds (the “Bonds”) under an Indenture (the “Indenture”) dated as of May 1, 2011, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2011 Trustee”), of which \$[_____] principal amount is currently outstanding; and

WHEREAS, the Authority has assigned its right to receive the Lease Payments to the 2011 Trustee as security and the source of payment for the Bonds;

WHEREAS, the outstanding Bonds maturing on and after September 1, 2022 are subject to optional redemption on September 1, 2021 (the “Redemption Date”) and on any date thereafter; and

WHEREAS, pursuant to a Resolution of the District adopted on _____, 2016, the District is issuing its Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding (the “2016 Green Bonds”), in part to prepay a portion of its obligation under the Lease Agreement, and thereby cause the defeasance of the Bonds described in Schedule 1 attached hereto (the “Refunded Bonds”) and to cause the redemption of the Refunded Bonds on the Redemption Date; and

WHEREAS, the Escrow Agent hereby confirms that the Refunded Bonds are Outstanding (as defined in the Indenture) under the Indenture as of the date hereof and have not been previously defeased and redeemed and the Authority hereby confirms that the right to defease and redeem the Refunded Bonds had not been sold or previously exercised; and

WHEREAS, in order to implement the foregoing, the District has taken action, on behalf of itself and the Authority, to cause to be delivered to the Escrow Agent, for deposit in the Escrow Fund hereinafter referred to, the sum of \$[_____] from the proceeds of the 2016 Green Bonds, a portion of which sum will be used to purchase those certain United States

Treasury obligations (the “Escrow Securities”) listed in Schedule 2 attached hereto, the receipts from the interest on and principal of which Escrow Securities, together with the unexpended money from such initial deposit into the Escrow Fund, will be sufficient, as certified by Causey, Demgen & Moore Inc., certified public accountants, in their Verification Report on file with the District and the Escrow Agent, to provide for the prepayment of the Lease Agreement with respect to the portion of the Lease Payments allocable to the Refunded Bonds, listed in Schedule 3 attached hereto, which the Escrow agent is hereby directed to apply to the payment and redemption of the Refunded Bonds at the times and in the amounts and subject to the limitations provided in Section 2 hereof;

NOW, THEREFORE, the District, the Authority and the Escrow Agent hereby agree as follows:

Section 1. Establishment and Maintenance of the Escrow Fund. The Escrow Agent agrees to establish and maintain the Escrow Fund (the “Escrow Fund”) until all the Refunded Bonds have been paid and redeemed as provided in Section 2 hereof, and to hold the Escrow Securities and the money (whether constituting the initial deposit in the Escrow Fund or constituting receipts from the sale of or the maturity of the Escrow Securities) in the Escrow Fund at all times as a separate escrow account wholly segregated from all other securities, investments or money held by it. All Escrow Securities and money in the Escrow Fund are hereby irrevocably pledged to secure the payment and redemption of the Refunded Bonds as provided in Section 2 hereof (the “Refunding Requirements”); provided, that any money held in the Escrow Fund that is not used for the payment and redemption of the Refunded Bonds as provided in Section 2 hereof shall be repaid to the District free from the trust created by the Escrow Agreement.

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

Section 2. Payment from the Escrow Fund. The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, sell and collect and deposit in the Escrow Fund the proceeds of the Escrow Securities held in the Escrow Fund, and to use such proceeds, together with any other money deposited in the Escrow Fund, to make the interest payments on the Refunded Bonds as they come due until the Redemption Date to (as such payments are set forth on Schedule 3 attached hereto) and on the Redemption Date to redeem all Refunded Bonds at the redemption price thereof, together with the interest accrued thereon to, but not including, the Redemption Date, at the times and places and in the manner specified in the Indenture.

Section 3. Accounting for Escrow; Substitutions. The moneys and the Escrow Securities from time to time accounted for in the Escrow Fund shall not be subject to withdrawal by the District or the Authority nor otherwise subject to the order of the District or Authority except as otherwise provided in Section 2 hereof.

There shall be no exchange or substitution of the Escrowed Securities, except upon (i) the written direction of the Authority, (ii) receipt by the District, the Authority and the 2011 Trustee of a new verification report, prepared by an independent certified public accountant, verifying the sufficiency of the escrow to pay the Refunding Requirements of the Refunded Bonds in full on their respective interest payment dates or redemption dates and (iii) receipt of an opinion of nationally recognized bond counsel to the effect that such exchange or substitution will not adversely affect the exemption from federal income tax of interest on the 2016 Green Bonds or Refunded Bonds.

Section 4. Investments and Reinvestments. The Escrow Agent shall have no obligation by virtue of the Escrow Agreement, general trust law or otherwise to make any investment or reinvestment of any moneys in the Escrow Fund at any time except as otherwise provided in this Escrow Agreement or as hereafter directed by the Authority and upon (i) receipt of an opinion of nationally recognized bond counsel to the effect that such investment or reinvestment will not adversely affect the exemption from federal income tax of interest on the 2016 Green Bonds or the Refunded Bonds and (ii) receipt by the District, the Authority and the 2011 Trustee of a new verification report, prepared by an independent certified public accountant, verifying the sufficiency of the escrow to pay the Refunding Requirements of the Refunded Bonds in full on their respective interest payment dates or redemption dates. Except as is otherwise directed by the Authority in accordance with the provisions of this Escrow Agreement, any moneys in the Escrow Fund not needed to pay the principal of, premium, if any, or interest on the Refunded Bonds on any payment date therefor shall be held by the Escrow Agent uninvested.

The District and the Authority acknowledge that to the extent regulations of the Comptroller of the Currency of other applicable regulatory entity grant the District and/or the Authority the right to receive brokerage confirmations of security transactions as they occur, the District and the Authority will not receive such confirmations to the extent permitted by law. The Escrow Agent will furnish the District and the Authority periodic cash transaction statement which shall include detail for all investment transactions made by the Escrow Agent hereunder.

Section 5. Deficiencies in the Escrow Fund. If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make all payments required by Section 2, the Escrow Agent shall notify the District and the Authority in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor, and the District shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund, from any legally available moneys, all such additional money as may be required to provide for the payment and redemption of the Refunded Bonds in accordance with the conditions and terms of the Indenture and hereof; provided, that the Escrow Agent shall in no event or manner be responsible for the failure of the District to make any such deposit.

Section 6. Notice of Redemption; Notice of Defeasance.

(a) The Authority hereby irrevocably instructs the Escrow Agent to give timely notice of the redemption of the Refunded Bonds to Bondholders in accordance with Section 4.03 of the Indenture, and said notice shall be substantially in the form of the notices attached hereto as Exhibit A and Exhibit B.

(b) The Escrow Agent, acting as 2011 Trustee and dissemination agent (the “Dissemination Agent”), is hereby irrevocably instructed to provide notice, on the earliest practicable date, of the defeasance of the Refunded Bonds in accordance with Section 5(f) of the Continuing Disclosure Agreement between the District and the Escrow Agent, in its capacity as Dissemination Agent thereunder, related to the Refunded Bonds in the form set forth in Exhibit C.

Section 7. Compensation and Indemnification of the Escrow Agent.

(a) The District shall pay the Escrow Agent a one-time fee for its services hereunder and shall reimburse the Escrow Agent for its reasonable out-of-pocket expenses (including but not limited to the reasonable fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the District and the Escrow Agent; provided, that these fees and expenses shall in no event be deducted from the Escrow Fund.

(b) The District and the Authority agree to indemnify the Escrow Agent and its agents, directors, officers and employees, and hold the Escrow Agent and its agents, directors, officers and employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent’s services, in any transaction arising out of the Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party. The provisions of this section shall survive the removal or resignation of the Escrow Agent.

Section 8. Functions of the Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in the Escrow Agreement and no implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

(b) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in the Escrow Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, electronic mail, facsimile transmission, report or opinion furnished to the Escrow Agent and believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, electronic mail, facsimile transmission, report or opinion.

(c) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under the Escrow Agreement in the case of any default in the performance of agreements or covenants contained in the Indenture or in the case of the receipt of any written demand with respect to such default. The

Escrow Agent is not required to resolve conflicting demands to money or property in its possession under the Escrow Agreement.

(d) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the District) and, notwithstanding anything to the contrary contained herein, the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(e) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein, and shall not be liable for any action or omission of the District under the Escrow Agreement.

(f) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrow Securities and money in the Escrow Fund to pay and redeem the Refunded Bonds as provided in Section 2 hereof.

(g) Whenever in the administration of the trust of the Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of the Escrow Agreement upon the faith thereof.

Section 9. Amendment of the Escrow Agreement. The Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the District, the Authority and the Escrow Agent (i) an unqualified opinion of a nationally recognized bond counsel that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Refunded Bonds, the written consent of the registered owners of all the Refunded Bonds.

Section 10. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the District:

Midpeninsula Regional Open Space District
330 Distel Circle
Los Altos, California 94022
Attention: General Manager

If to the Authority:

Midpeninsula Regional Open Space District Financing Authority

330 Distel Circle
Los Altos, California 94022
Attention: Authorized Officer

If to the Escrow Agent:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust Department

[Section 11.](#) [Severability.](#) If any section, paragraph, sentence, clause or provision of the Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of the Escrow Agreement.

[Section 12.](#) [Governing Law.](#) The Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

[Section 13.](#) [Execution.](#) The Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the District, the Authority and the Escrow Agent have caused the Escrow Agreement to be executed each on its behalf as of the day and year first above written.

MIDPENINSULA REGIONAL OPEN SPACE
DISTRICT

By _____
General Manager

MIDPENINSULA REGIONAL OPEN SPACE
DISTRICT FINANCING AUTHORITY

By _____
Authorized Officer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.
as Escrow Agent

By _____
Authorized Officer

SCHEDULE 1Refunded Bonds

The Refunded Bonds constitute the portion of the currently outstanding Midpeninsula Regional Open Space District Financing Authority 2011 Revenue Bonds that are subject to optional redemption on September 1, 2021, as follows:

<u>Principal Amount</u>	<u>Maturity Date (September 1)</u>
\$	20__

SCHEDULE 2

Escrow Securities

[To Come from the Verification Report]

SCHEDULE 3
Refunding Requirements

[To Come.]

EXHIBIT A

FORM OF NOTICE TO 2011 TRUSTEE OF PREPAYMENT (FROM DISTRICT)

[To Come.]

EXHIBIT B

FORM OF NOTICE OF REDEMPTION

[To Come.]

EXHIBIT C

FORM OF NOTICE OF DEFEASANCE

**S.E.C. RULE 15C2-12
NOTICE OF LISTED EVENT**

The Midpeninsula Regional Open Space District (the “District”), acting on behalf of the Midpeninsula Regional Open Space Financing Authority (the “Authority”), hereby provides notice of the following events related to the Midpeninsula Regional Open Space District Financing Authority 2011 Revenue Bonds (the “Bonds”).

Event:

The Bonds maturing on and after September 1, 2022, as set forth in Schedule I attached hereto have been defeased on [Closing Date] and will be called for redemption on September 1, 2021.

Other Matters:

This notice is provided solely for the purposes of the Continuing Disclosure Agreement delivered in connection with the above-referenced Bonds. The filing of this notice does not constitute or imply any representation: (i) that the foregoing Specified Event is material to investors; (ii) regarding any other financial, operating or other information about the District or the Bonds; or (iii) that no other circumstances or events have occurred or that no other information exists concerning the District, the Bonds or the Specified Event, which may have a bearing on the District’s financial condition, the security for the Bonds, or an investor’s decision to buy, sell, or hold the Bonds

Dated: _____, 2016

MIDPENINSULA REGIONAL OPEN SPACE
DISTRICT

By: _____
General Manager

\$ __, __, 000*
**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
 GREEN BONDS, 2016 REFUNDING**

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the MIDPENINSULA REGIONAL OPEN SPACE DISTRICT (the “District”) in connection with the issuance of the Green Bonds, 2016 Refunding captioned above (the “2016 Green Bonds”). The 2016 Green Bonds are being issued pursuant to a Indenture dated as of September 1, 2016, between the District and Zions Bank, a division of ZB, National Association, as Trustee.

The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the 2016 Green Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Business Day*” means any day (other than a Saturday or a Sunday) on which banks and the Trustee are open for business.

“*Annual Report Date*” means 210 days after the end of each Fiscal Year.

“*Disclosure Coordinator*” means the District Senior Accountant or other individual designated from time to time by the District Controller, as provided in the District Disclosure Policy.

“*Dissemination Agent*” means, initially, Goodwin Consulting Group, or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*EMMA*” means the Electronic Municipal Marketplace Access site maintained by the MSRB, currently located at <http://emma.msrb.org>.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other 12-month period selected and designated by the District as its official Fiscal Year period under a Certificate of the District filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the 2016 Green Bonds.

“*Participating Underwriter*” means Morgan Stanley & Co. LLC, the original underwriter of the 2016 Green Bonds required to comply with the Rule in connection with offering of the 2016 Green Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 26, 2017, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report for the fiscal year ending June 30, 2016, that is consistent with the requirements of Section 4 of this Disclosure Certificate; *provided that the first Annual Report shall consist solely of the Official Statement.* Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. 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 Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate by reference the following:

(a) The District’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the Annual Report Date, 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) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding Fiscal Year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) A maturity schedule for the outstanding 2016 Green Bonds, and a listing of 2016 Green Bonds redeemed prior to maturity;

(ii) Information for the preceding Fiscal Year to update the following tables in the Official Statement:

- (A) Table 3B – Aggregate General Fund Debt Service Schedule;
- (B) Table 4 – District General Fund Tax Receipts for the past 10 Years.
- (C) Table 5 – Historical Maximum Annual General Fund Debt Service; and
- (BD) Table 7 – Summary of Assessed Values.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Disclosure Certificate, the District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the 2016 Green Bonds, no later than ten (10) Business Days after the occurrence of such event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vi) Tender offer;
- (vii) Defeasances;
- (viii) Rating Changes; or

- (ix) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person.

Note: This event is considered to occur upon the happening of any of the following: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events described in this Section 5(b) with respect to the 2016 Green Bonds, if material, not later than ten (10) business days after the occurrence of the event:

- (i) Unless described in Section 5(a)(v), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2016 Green Bonds or other material events affecting the tax status of the 2016 Green Bonds;
- (ii) Modifications to rights of security holders, if material;
- (iii) Bond calls;
- (iv) Release, substitution, or sale of property securing repayment of the 2016 Green Bonds;
- (v) Non-payment related defaults;
- (vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
- (vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The District acknowledges that it is required to make a determination whether a Significant Event described in Section 5(b) is material under applicable federal securities laws in order to determine if a filing with EMMA is required. If the District determines that the occurrence of an event listed in Section 5(b) would be material under applicable federal securities laws, or if the District changes its Fiscal Year, the District shall file, or shall cause the Dissemination Agent to file, within ten (10) business days of occurrence, a notice of such event on EMMA.

(d) Notwithstanding the foregoing, notice of Significant Events described in Section 5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The obligations of the District under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the 2016 Green Bonds. If such termination occurs prior to the final maturity of the 2016 Green Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing thirty (30) days written notice to the District.

The initial dissemination agent shall be Goodwin Consulting Group.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2016 Green Bonds, or type of business conducted;

(b) The undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2016 Green Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by holders of the 2016 Green Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2016 Green Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by

this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Trustee may, and at the request of the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds whose Owners are beneficiaries of the Continuing Disclosure Certificate, the Trustee shall (but only to the extent it is indemnified to its satisfaction, including indemnification from and against attorneys' fees), or any Owner or Beneficial Owner (as that term is defined in the Indenture) may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate.. A default under this Disclosure Certificate shall not be deemed an "Event of Default" under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondowners or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2016 Green Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the District: Midpeninsula Regional Open Space District
330 Distel Circle
Los Altos, CA 94022
Attention: Disclosure Coordinator
Telephone: 650-691-1200

To the Dissemination Agent: Goodwin Consulting Group
555 University Avenue, Suite 280
Sacramento, CA 95825
Attention: Victor Irzyk
Telephone: 916-561-0890
Email victor@goodwinconsultinggroup.net

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2016 Green Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2016

**MIDPENINSULA REGIONAL OPEN SPACE
DISTRICT**

By _____
General Manager

AGREED AND ACCEPTED

GOODWIN CONSULTING GROUP,
as Dissemination Agent

By: _____

EXHIBIT A**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

Name of Issue: \$_____,000 Midpeninsula Regional Open Space District
Green Bonds, 2016 Refunding

Date of Issuance: _____, 2016

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named 2016 Green Bonds as required by the Continuing Disclosure Certificate dated _____, 2016. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____

Its: _____

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016**NEW ISSUE — BOOK-ENTRY ONLY****RATINGS: Fitch: “___”****S&P: “___”****(See “RATINGS”)**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, 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 2016 Green 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 2016 Green Bonds is not a specific preference item for purposes of the federal individual or 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 2016 Green Bonds. See “TAX MATTERS.”

[District Logo]

\$ __, __, 000*

**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
GREEN BONDS, 2016 REFUNDING**

Dated: Date of Delivery**Due: September 1 see inside cover**

Purpose; Authorization. The Midpeninsula Regional Open Space District (the “District”) is issuing the Midpeninsula Regional Open Space District Green Bonds, 2016 Refunding (the “2016 Green Bonds”) to: (i) refund its outstanding obligations under certain outstanding promissory notes (the “2007 Notes”) held by the Midpeninsula Regional Open Space District Financing Authority (the “Authority”) the payment of which secures the Authority’s 2007 Series A Revenue Refunding Bonds (1996 and 1999 Refinancing Project) (the “2007 Authority Bonds”), and to prepay a portion of its obligations under that certain Lease Agreement, dated as of May 1, 2011, by and between the District and the Authority, the payment of lease payments under which secures the Authority’s 2011 Revenue Bonds (the “2011 Authority Bonds, and, together with the 2007 Authority Bonds, the “Prior Bonds”), as more full described herein; and (ii) pay certain costs associated with the issuance of the 2016 Green Bonds. See “PLAN OF REFUNDING.”

The 2016 Green Bonds are issued pursuant to the Constitution and laws of the State of California (the “State”), including the provisions of Article 3 of Chapter 3 of Division 5 of the Public Resources Code (the “District Act”), and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (together with the District Act, the “Law”) and an Indenture, dated as of September 1, 2016 (the “Indenture”), between the District and Zions Bank, a division of ZB, National Association, as trustee (the “Trustee”). See “PLAN OF REFUNDING” and “THE 2016 GREEN BONDS—Authority for Issuance; Purpose.”

Security and Source of Payment. The 2016 Green Bonds are special obligations of the District and are payable from and secured solely by Revenues of the District (as defined herein), consisting primarily of the District’s share of the general 1% *ad valorem* property tax levied in the District by the Board of Supervisors of the County of Santa Clara County and by the Board of Supervisors of the County of San

Mateo County (together, the “Counties”) upon all property subject to taxation and allocated to the District. See “SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS.”

No Reserve Fund will be established for the 2016 Green Bonds.

Payments. Interest on the 2016 Green Bonds is payable on September 1 and March 1, of each year, commencing March 1, 2017. Principal on the 2016 Green Bonds is payable on September 1 in the amounts and in the years set forth on the inside cover. Payments of principal and interest on the 2016 Green Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, which will remit such payments to the Beneficial Owners of the 2016 Green Bonds. See “THE 2016 GREEN BONDS—Payment of Principal and Interest” and APPENDIX G—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption. 2016 Green Bonds are subject to redemption prior to their stated maturities. See “THE 2016 GREEN BONDS—Redemption Provisions.”

Book-Entry Only. The 2016 Green Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company (“DTC”), New York, New York. Individual purchases of the 2016 Green Bonds will be made in principal amounts of \$5,000 and integral multiples thereof under the book-entry only system maintained by DTC. Purchasers of the 2016 Green Bonds will not receive physical certificates representing their interests in the 2016 Green Bonds. So long as DTC, or its nominee, is the registered owner of the 2016 Green Bonds, payments of principal and interest with respect to the 2016 Green Bonds will be made by the Trustee directly to DTC or its nominee, which will in turn remit such payments to the beneficial owners of the 2016 Green Bonds. See APPENDIX G—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Maturity Schedule. See inside cover.

Investor Considerations. This cover page contains 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 for a discussion of special factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2016 Green Bonds.

Legal Matters. The 2016 Green Bonds are offered when, as and if sold and issued, and accepted by the Underwriter, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District.

Certain legal matters will be passed upon for the District by its General Counsel and by Schiff Hardin LLP, San Francisco, California, Disclosure Counsel.

Hawkins Delafield & Wood LLP, San Francisco, California is serving as counsel to the Underwriter.

Delivery. It is anticipated that the 2016 Green Bonds in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2016.

Morgan Stanley

Dated: _____, 2016

* Preliminary, subject to change.

MATURITY SCHEDULE
(Base CUSIP[†]: 598022)

\$ __, __, 000*
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
GREEN BONDS, 2016 REFUNDING
(Green Bonds)

\$ __, __, 000* Serial Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> [†]
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* Preliminary, subject to change.

† Copyright 2016, American Bankers Association. CUSIP data are provided by S&P Global Ratings, and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2016 Green Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No broker, dealer, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2016 Green Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2016 Green Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2016 Green Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2016 Green Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2016 Green Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Stabilization of Prices. In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the 2016 Green Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2016 Green Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Forward-Looking Statements. Certain statements contained in this Official Statement reflect not historical facts but forecasts and “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” “plan,” “budget,” and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when events, conditions or circumstances on which such statements are based occur or do not occur.

District Website. The District maintains a website. References to website addresses presented in this Official Statement are for information purposes only and are solely for the convenience of the reader. The information presented on any website is not a part of this Official Statement and is not incorporated into, and are not a part of, this Official Statement, and should not be relied upon in making an investment decision with respect to the 2016 Green Bonds.

The Midpeninsula Regional Open Space District

Attachment 5



Midpeninsula Regional Open Space District Open Space Preserves and Locations

	MROSD Preserves
	Other Protected Open Space or Park Lands & Public Watershed Lands
	Land Trust, Private Watershed Lands, & Conservation Easements/Plans
	Other Public Agency Lands & Institutional Lands
	Private Property

# Preserve	Acres	# Preserve	Acres	# Preserve	Acres
1 Bear Creek Redwoods	1,437	9 Los Trancos	274	17 Russian Ridge	3,491
2 Coal Creek	508	10 Miramontes Ridge*	1,716	18 Saratoga Gap	1,608
3 El Corte de Madera Creek	2,906	11 Monte Bello	3,537	19 Sierra Azul	18,939
4 El Sereno	1,419	12 Picchetti Ranch	308	20 Skyline Ridge	2,143
5 Foothills	212	13 Pulgas Ridge	366	21 St. Joseph's Hill	270
6 Fremont Older	739	14 Purisima Creek Redwoods	4,752	22 Stevens Creek	55
7 La Honda Creek	6,144	15 Rancho San Antonio	3,988	23 Teague Hill	626
8 Long Ridge	2,035	16 Ravenswood	376	24 Thornewood	167
				25 Tunitas Creek*	1,660
				26 Windy Hill	1,414

*Currently not open for public access.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

DISTRICT BOARD OF DIRECTORS

Pete Siemens, *Ward 1, Board Member*
Yoriko Kishimoto, *Ward 2, Board President*
Jed Cyr, *Ward 3, Board Member*
Curt Riffle, *Ward 4, Board Treasurer*
Nonette Hanko, *Ward 5, Board Member*
Larry Hassett, *Ward 6, Board Vice President*
Cecily Harris, *Ward 7, Board Secretary*

DISTRICT STAFF

Stephen E. Abbors, *General Manager*
Michael L. Foster, *Controller*
Sheryl Schaffner, Esq., *General Counsel*
Stefan Jaskulak, *Chief Financial Officer/Administrative Services Manager*
Ana Ruiz, *Assistant General Manager*
Kevin Woodhouse, *Assistant General Manager*

PROFESSIONAL SERVICES

Orrick, Herrington & Sutcliffe LLP
San Francisco, California
Bond Counsel

Schiff Hardin LLP
San Francisco, California
Disclosure Counsel

Backstrom McCarley Berry & Co., LLC
San Francisco, California
Financial Advisor

Zions Bank, a division of ZB, National Association
Los Angeles, California
Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California
Escrow Agent

Causey Demgen & Moore P.C.
Denver, Colorado
Verification Agent

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\$ __, __, 000*

**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
GREEN BONDS, 2016 REFUNDING**

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2016 Green Bonds being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings given to such terms as set forth in the Indenture. See APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE–Definitions.”

General

The purpose of this Official Statement (which includes the cover page, inside cover page and the Appendices) is to provide information concerning the issuance of the above-captioned Bonds (the “2016 Green Bonds”).

The District

General. The Midpeninsula Regional Open Space District (the “District”) was formed in 1972 to acquire and preserve public open space land in northern and western portions of Santa Clara County. In June 1976, the southern and eastern portions of San Mateo County were annexed to the District. The District annexed three parcels located in the northern tip of Santa Cruz County in 1992, but presently no property taxes on this land are levied. In September 2004, the District completed the Coastside Protection Program, which extended the District boundaries to the Pacific Ocean in San Mateo County, from the southern borders of Pacifica to the San Mateo/Santa Cruz County line.

The District now encompasses over 550 square miles of land in Santa Clara County (approximately 200 square miles), San Mateo County (approximately 350 square miles) and Santa Cruz County (approximately 2.6 square miles) (collectively, the “Counties”). As of the 2010 decennial census, approximately 720,000 people lived within the boundaries of the District.

Governing Board and Management. A seven-member Board of Directors, elected by ward (the “Board of Directors”), establishes policies for the District. Specifically, the Board sets general operating objectives for the District, monitors financial and long-range planning, establishes policies governing conditions of employment, and sets policies to protect and enhance the natural and cultural resources of the District. Members of the Board of Directors are elected for staggered four-year terms.

For additional information about the operations and finances of the District, see APPENDIX A–“DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES.”

Authority for Issuance; Purpose

The 2016 Green Bonds are issued pursuant to the Constitution and laws of the State of California (the “State”), including the provisions of Article 3 of Chapter 3 of Division 5 of the Public Resources Code (the “District Act”), and all laws amendatory thereof or supplemental thereto, including Articles 10

* Preliminary, subject to change.

and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (together with the District Act, the “Law”) and an Indenture, dated as of September 1, 2016 (the “Indenture”), between the District and Zions Bank, a division of ZB, National Association, as trustee (the “Trustee”).

The 2016 Green Bonds are being issued by the District to: (i) refund its outstanding obligations under certain outstanding promissory notes (the “2007 Notes”) held by the Midpeninsula Regional Open Space District Financing Authority (the “Authority”) the payment of which secures the Authority’s 2007 Series A Revenue Refunding Bonds (1996 and 1999 Refinancing Project) (the “2007 Authority Bonds”), and to prepay a portion of its obligations under that certain Lease Agreement, dated as of May 1, 2011, by and between the District and the Authority, the payment of lease payments under which secures the Authority’s 2011 Revenue Bonds (the “2011 Authority Bonds, and, together with the 2007 Authority Bonds, the “Prior Bonds”); and (ii) pay certain costs associated with the issuance of the 2016 Green Bonds. See “PLAN OF REFUNDING.”

Security for the 2016 Green Bonds

General. The 2016 Green Bonds are special obligations of the District payable from “Revenues,” defined in the Indenture as the revenues, income, and investment earnings received by the District, including the District’s share of the general 1% *ad valorem* property tax levied in the District by the Board of Supervisors of the County of Santa Clara and by the Board of Supervisors of the County of San Mateo and allocated to the District, except for any revenue restricted to a specified purpose and not legally available to pay Debt Service such as the *ad valorem* property taxes levied for the payment of the District’s voter approved general obligation bonds. Such taxes are in addition to other taxes levied upon property within the District.

The District may issue additional bonds or incur additional obligations payable from Revenues on a parity with the 2016 Green Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS—Additional Bonds,” and “—Direct and Overlapping Debt Obligations.”

No Reserve Fund. No reserve fund will be established as security for the 2016 Green Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS.”

Parity Obligations. The District has outstanding approximately \$125.1 million of notes (the “Promissory Notes”) and bonds (“Bonds”) the payments of which are secured by a pledge of and lien on Revenues on a parity with the payment of the 2016 Green Bonds, inclusive of the \$67.59 million* Prior Bonds but excluding the 2016 Green Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS.”

Other Outstanding Debt

The District also has outstanding approximately \$45 million of general obligation bonds secured by and payable from Measure AA. For a description of Measure AA, see APPENDIX A—“DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES—District Financial Information-General.”

* Preliminary, subject to change.

Redemption

The 2016 Green Bonds are subject to optional [and mandatory sinking fund] redemption prior to their stated maturity. See “THE 2016 GREEN BONDS–Redemption Provisions.”

Summaries Not Definitive

The summaries and references of documents, statutes, reports and other instruments referred to in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report, or instrument.

Copies of the documents described in this Official Statement will be available at the General Manager’s office, Midpeninsula Regional Open Space District, 330 Distel Circle, Los Altos, California 94022, telephone: 650-691-1200. The District may impose a charge for copying and mailing.

THE DISTRICT

The District is a regional greenbelt system located in the San Francisco Bay Area and encompasses over 550 square miles of land in the Counties. The District operates 26 open space preserves, which comprise more than 60,000 acres, making a preserve system of diverse and unparalleled beauty in one of the largest metropolitan areas in the country. The preserves, ranging from 55 to more than 1,800 acres, are open to the public, all year, free of charge.

The mission of the District is to acquire and preserve, or return to its natural state, open space land in perpetuity for scenic beauty and enjoyment, for the protection of natural vegetation, wildlife and agriculture, to establish boundaries for urban growth, and enhance quality of life, for recreation in nature, and for educational opportunities through the creation of a regional greenbelt. For additional information on the District see APPENDIX A–“DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES.”

PLAN OF REFUNDING

A portion of the proceeds from the sale of the 2016 Green Bonds will be used by the District together with other available moneys, to effect a current refunding of the 2007 Authority Bonds and cause prepayment of the 2007 Promissory Notes; and to prepay a portion of its obligations under that certain Lease Agreement, dated as of May 1, 2011, by and between the District and the Authority, the payment of lease payments under which secures the Authority’s 2011 Revenue Bonds.

The proceeds from each series of the Prior Bonds were used to acquire “open space” located within the District. “Open space” is defined as land or water area that remains in its natural state, is used for agriculture, or is otherwise essentially undeveloped and the benefits of open space include enhanced survival prospects for endangered plant and animal species, increased public safety through the minimization of flood erosion, landslide, earthquake, and fire hazards, and the creation of more livable urban environments. A map of the District is located on page ii.

2007 Authority Bonds. The 2007 Authority Bonds were issued by the Authority pursuant to the terms and conditions of an Indenture of Trust, dated as of January 1, 2007 (the “2007 Authority Bonds Indenture”) between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, to purchase the 2007 Promissory Notes issued by the District. The 2007 Promissory Notes were issued to refinance certain prior obligations of the District that financed the acquisition of approximately 4,739 acres of open space located at the following preserves: Bear Creek Redwoods (6 acres), El Sereno (259 acres), Long Ridge (273 Acres), Miramontes (296 acres), Monte Bello (40 Acres), Pulgas Ridge (73 acres), Purisima Creek Redwoods (481 acres), Russian Ridge (198 acres), Sierra Azul (2,963 acres), Skyline Ridge (136 acres), and Thornewood (14 acres).

2011 Authority Bonds. The 2011 Authority Bonds were issued by the Authority pursuant to the terms and conditions of an Indenture of Trust, dated as of May 1, 2011 (the “2011 Authority Bonds Indenture”) by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2011 Authority Bonds were issued to finance the acquisition of approximately 2,627 acres of open space located at the following preserves: Bear Creek Redwoods (6 acres), El Corte de Madera Creek (90 acres), El Sereno (4 acres), Miramontes Ridge (564 acres), Monte Bello (159 acres), Purisima Creek Redwoods (280 acres), Saratoga Gap (66 acres), Sierra Azul (427 acres), Tunitas Creek (952 acres), and Windy Hill (70 acres).

The Prior Authority Bonds consist of the following:

Table 1
\$44,065,000
Midpeninsula Regional Open Space District Financial Authority
2007 Series A Revenue Refunding Bonds
Dated Date: January 9, 2007
Redemption Date: September __, 2016
Redemption Price: 100%

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>CUSIP No.⁽¹⁾</u>
2017	\$3,405,000	598024FA0
2018	3,585,000	598024FB8
2019	3,275,000	598024FC6
2020	3,665,000	598024FD4
2021	3,860,000	598024FE2
2022	4,075,000	598024FF9
2023	4,290,000	598024FG7
2024	500,000	598024FH5
2024	4,020,000	598024FT9
2027 ⁽²⁾	13,390,000	598024FL6

(1) Copyright 2016, American Bankers Association. CUSIP data are provided by S&P Global Ratings, and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service.

(2) Term Bond.

* Preliminary, subject to change.

\$19,090,000*
Midpeninsula Regional Open Space District Financial Authority
2011 Revenue Bonds
Dated Date: May 19, 2011
Redemption Date: September 1, 2021
Redemption Price: 100%

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>CUSIP No.</u> ⁽¹⁾
2022	\$325,000	598024GE1
2023	365,000	598024GF8
2024	410,000	598024GG6
2025	455,000	598024GH4
2026	510,000	598024GJ0
2029 ⁽²⁾	1,875,000	598024GK7
2034 ⁽²⁾	4,555,000	598024GL5
2041 ⁽²⁾	5,595,000	598024GM3
2041 ⁽²⁾	5,000,000	598024GN1

(1) Copyright 2016, American Bankers Association. CUSIP data are provided by S&P Global Ratings, and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service.

(2) Term Bond.

* Preliminary, subject to change.

A portion of the proceeds from the sale of the 2016 Green Bonds will be transferred to The Bank of New York Mellon Trust Company, N.A., to prepay the 2007 Notes and which amount will be sufficient to pay the redemption price of and accrued interest on the 2007 Authority Bonds on September 1, 2016.

A portion of the proceeds from the sale of the 2016 Green Bonds will be deposited into an escrow fund (the “2016 Escrow Fund”) established pursuant to an Escrow Agreement, dated as of September 1, 2016 (the “2016 Escrow Agreement”) by and among the District, the Authority, and The Bank of New York Mellon Trust Company, N.A., as escrow agent for the 2011 Authority Bonds. The amounts deposited in the 2016 Escrow Fund with respect to the 2011 Authority Bonds will be invested in noncallable defeasance securities, the principal of and interest on which, when received, will be sufficient to pay the redemption price of and accrued interest on the 2011 Authority Bonds on September 1, 2021. Upon such deposit, the 2011 Authority Bonds will no longer be deemed outstanding under the 2011 Authority Bonds Indenture.

The mathematical computations used to determine the sufficiency of the escrow deposit to defease and prepay, as applicable, the Prior Bonds will be verified by Causey Demgen & Moore P.C. (the “Verification Agent”) who will deliver a report to such effect upon delivery of the 2016 Green Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds received from the sale of the 2016 Green Bonds are set forth below:

Table 2
Estimated Sources and Uses of Funds

SOURCES OF FUNDS:

Principal Amount of Bonds	\$
Original Issue Premium	_____
TOTAL SOURCES	\$

USES OF FUNDS:

Deposit into 2016 Escrow Account ⁽¹⁾	\$
Deposit to Costs of Issuance Fund ⁽²⁾	_____
Underwriter's Discount	_____
TOTAL USES	\$

* Preliminary, subject to change.

(1) See "PLAN OF REFUNDING."

(2) Includes legal fees, financial advisory fees, Trustee's fees, printing expenses, rating agency fees and other costs associated with the issuance of the 2016 Green Bonds.

THE 2016 GREEN BONDS

Authority for Issuance

The 2016 Green Bonds are issued pursuant to the Constitution and laws of the State, including the Law, and the Indenture. The 2016 Green Bonds are authorized to be issued by the Resolution. For additional information about the provisions of the Indenture, see APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Designation of 2016 Green Bonds as Green Bonds

The mission of the District is to acquire and preserve a regional greenbelt of open space land in perpetuity; protect and restore the natural environment; and provide opportunities for ecologically sensitive public employment and education.

The District is issuing the 2016 Green Bonds as "Green Bonds," to allow investors to invest directly in bonds which finance such environmentally beneficial projects. The owners of the 2016 Green Bonds do not assume any specific project risk or economic benefit related to the projects as a result of the Green Bonds designation.

Use of Proceeds. The proceeds from the 2016 Green Bonds will be used to refund or prepay, as applicable, the Prior Bonds, the original proceeds of which were used to acquire an aggregate of approximately 7,366 acres of open space within the District in the following preserves: Bear Creek Redwoods, El Corte de Madera Creek, El Sereno, Long Ridge, Miramontes Ridge, Monte Bello, Pulgas Ridge, Purisima Creek Redwoods, Russian Ridge, Saratoga Gap, Sierra Azul, Skyline Ridge, Tunitas Creek, Thornewood, and Windy Hill. For a summary description projects financed with the proceeds of the Prior Bonds, see "PLAN OF REFUNDING." See also, "SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS." The District acquires and preserves, or returns to its natural state, land for scenic

beauty and enjoyment, to protect natural vegetation, wildlife and agriculture, to establish boundaries for urban growth, enhance quality of life, recreation in nature, and educational opportunities through the creation of a regional greenbelt.

Project Evaluation and Selection. Expansion of open space preserves by the District is based on location and the opportunity to acquire properties to support the creation of a regional greenbelt. The District prioritizes acquisitions based on an evaluation of opportunities to link preserves with federal, State, county, and city parklands, potential public trail uses, and protect wildlife, watersheds, and other natural resources.

Management of Proceeds. A portion of the proceeds from the sale of the 2016 Green Bonds will be deposited into the segregated 2016 Escrow Fund established pursuant to an Escrow Agreement. The Escrow Fund will be used to fund, redeem or defease, as applicable, the Prior Bonds. See “PLAN OF REFUNDING.” The remaining proceeds of the 2016 Green Bonds will be used to pay the costs associated with the issuance of the 2016 Green Bonds.

Reporting. The proceeds of the Prior Bonds were expended as described above and as summarized in “PLAN OF REFUNDING.” Because all projects financed by the Prior Bonds are complete, the District does not intend to report on the use of proceeds. The District does, however, encourage investors to access its website (<http://www.openspace.org/>) for ongoing updates related to the District and its open space preserves.

Payment of Principal and Interest

The 2016 Green Bonds will mature on September 1 in the years indicated on the inside cover page hereof and will bear interest at the rates set forth on the inside cover page hereof on March 1 and September 1 of each year, commencing on March 1, 2017 (each, an “Interest Payment Date”), computed using a year of 360 days comprising twelve 30-day months.

Payment of Interest. Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Trustee as the registered owner thereof (the “Owner”) on each Record Date, such interest to be paid by check or draft mailed to such Owner at such Owner’s address as it appears on such registration books or at such other address as the Owner may have filed with the Trustee for that purpose on or before the Record Date. The Owner of an aggregate principal amount of \$1,000,000 or more of Bonds may request in writing to the Trustee that such Owner be paid interest by wire transfer to the bank and account number on file with the Trustee as of the applicable Record Date. So long as the 2016 Green Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

Payment of Principal. Principal will be payable at maturity, or upon redemption prior to maturity, upon surrender of Bonds at the principal office of the Trustee. The interest, principal and premiums, if any, on the 2016 Green Bonds will be payable in lawful money of the United States of America from moneys on deposit in the Debt Service Fund of the District under the Indenture, consisting of *ad valorem* taxes collected by the County Treasurer of the respective Counties, together with any premium and accrued interest received upon issuance of the 2016 Green Bonds. So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the 2016 Green Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to Beneficial Owners. See APPENDIX G–“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The 2016 Green Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to maturity. The 2016 Green Bonds maturing on or after September 1, 20__ are subject to redemption prior to their stated maturity date at the option of the District, from any source of available funds, as a whole or in part on any date on or after September 1, 20__, at a redemption price equal to the principal amount of such 2016 Green Bonds called for redemption, together with accrued interest thereon to the date fixed for redemption, without premium.

The District is required to give the Trustee written notice at least thirty (30) days (or such lesser time period acceptable to the Trustee) before any date fixed for redemption of the 2016 Green Bonds called for redemption pursuant to the Indenture, designating the portion thereof called for redemption and the date of such redemption.

Mandatory Sinking Fund Redemption. The 2016 Green Bonds maturing on September 1, 20__ (the “Term Bond”) is also subject to sinking fund redemption on each Mandatory Sinking Fund Redemption Date in the respective principal amounts set forth below, at a redemption price equal to 100% of the principal amount to be redeemed, without premium[, in part by lot,] together with accrued interest thereon to the date fixed for redemption

Term Bond Due September 1, 20__

Mandatory Sinking Redemption Date
(September 1)

Principal
Amount to be Redeemed

Redemption Procedures

Partial Redemption. If less than all of the 2016 Green Bonds are to be redeemed at any one time, the District is required to select the maturities of the 2016 Green Bonds and the principal amount of each such maturity to be redeemed in its sole discretion. If less than all 2016 Green Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee is required to select the 2016 Green Bonds of such maturity to be redeemed by lot and is required to promptly notify the District in writing of the numbers of such 2016 Green Bonds so selected for redemption. For purposes of such selection, 2016 Green Bonds will be deemed to be composed of \$5,000 multiples and any such multiple may be separately redeemed.

Notice of Redemption. Notice of redemption are to be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date to the Owners of the 2016 Green Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Each notice of redemption is required to state the date of such notice, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), the CUSIP number of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the 2016 Green Bonds of such maturity to be redeemed, the redemption price thereof and, in the case of 2016 Green Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice is also required to state that on said date there will become due and payable on each of said 2016 Green Bonds the redemption price thereof and in the case of a 2016 Green Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and will require that such 2016 Green

Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for redemption of such 2016 Green Bonds or the cessation of the accrual of interest on the redemption date.

In the event of redemption of 2016 Green Bonds, the Trustee is required to mail a notice of redemption upon receipt of a Written Request of the District but only after the District files a Certificate of the District with the Trustee that on or before the date set for redemption, the District will deposit with or otherwise make available to the Trustee for deposit in the “Bond Redemption Fund” the money required for payment of the redemption price, including accrued interest, of all Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose), together with the estimated expense of giving such notice.

Effect of Redemption. If notice of redemption has been duly given as required in the Indenture and money for the payment of the redemption price of the 2016 Green Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice 2016 Green Bonds so called for redemption will become due and payable, and from and after the date so designated interest on such 2016 Green Bonds will cease to accrue, and the Owners of such 2016 Green Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Conditional Notice of Redemption. Any notice of optional redemption of the 2016 Green Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice will be of no force and effect, the District will not be required to redeem such 2016 Green Bonds, the redemption will be cancelled, and the Trustee is required within a reasonable time thereafter to give notice to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

Rescission or Cancellation of Redemption. The District has the right to rescind any optional redemption by written notice of rescission. In addition, any notice of optional redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2016 Green Bonds then called for redemption. Any such rescission or cancellation shall not constitute an Event of Default hereunder. The Trustee is required to mail notice of rescission or cancellation of such redemption in the same manner as the original notice of redemption was sent.

Defeasance

All or a portion of the 2016 Green Bonds may be defeased prior to the scheduled maturity dates thereof if the District deposits with the Trustee or escrow agent: (i) either money in an amount which is sufficient or Defeasance Securities which are not subject to redemption prior to maturity, the interest on and the principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee or escrow agent at the same time, is sufficient (as evidenced by a report of an Independent Certified Public Accountant or verification agent obtained by the District and filed with the Trustee) to pay when due the interest to become due on such Bonds on and prior to the maturity dates thereof or the redemption dates thereof and the principal of and the redemption premiums, if any, on such Bonds on the maturity dates thereof or the redemption dates thereof; and (ii) the District has given the Trustee (in form satisfactory to the Trustee) irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such 2016 Green Bonds that the deposit of money and/or Defeasance Securities has been made with the Trustee and that such 2016 Green Bonds are deemed to have been paid in accordance with the Indenture, and stating the maturity dates thereof or the redemption dates thereof upon which money is to be available for the payment of the principal of and the redemption premiums, if any, on such 2016 Green Bonds; *provided*, that no money or Defeasance Securities or money deposited with the Trustee or escrow agent pursuant to the Indenture (nor any interest on or principal payments of such

Defeasance Securities) will be withdrawn or used for any purpose other than, and such Defeasance Securities and money will be held in trust for, the payment of the interest on and the principal of and the redemption premiums, if any, on such 2016 Green Bonds as provided in the Indenture, except that any money received from such interest on or principal payments of such Defeasance Securities deposited with the Trustee or escrow agent which is not then needed for the foregoing purpose is required, to the extent practicable, be reinvested as specified in a Written Request of the District filed with the Trustee or escrow agent in Defeasance Securities maturing at the times and in the amounts sufficient to pay when due the interest on and the principal of and the redemption premiums, if any, on such 2016 Green Bonds on and prior to such maturity dates thereof or redemption dates thereof, and all interest earned from such reinvestments is required to be deposited in the Revenue Fund.

Any money, deposits, or investments held by the Trustee pursuant to the Indenture which are not required for the payment of the interest and principal and redemption premiums, if any, on the 2016 Green Bonds so defeased will be paid to the to the District.

See also APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defeasance."

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DEBT SERVICE SCHEDULES

Table 3A shows the debt service schedule with respect to the 2016 Green Bonds (assuming no optional redemptions), and Table 3B shows the aggregate debt service schedule for all Bonds and Promissory Notes of the District payable from the District general fund, inclusive of the Prior Bonds, and exclusive of the 2016 Green Bonds.

Table 3A
2016 Green Bonds
Debt Service Schedule

Bond Year Ending <u>September 1</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			

Table 3B
Aggregate General Fund Debt Service Schedule[†]

Fiscal Year Ending (June 30)	2007 Authority <u>Bonds</u>	2011 Authority <u>Bonds</u>	<u>2012 Bonds</u>	<u>2015 Bonds</u>	<u>Total</u>
2017	\$5,510,375.00	\$1,195,775.00	\$1,032,625.00	\$1,786,375.00	\$9,525,150.00
2018	5,519,375.00	1,221,725.00	1,034,550.00	1,821,550.00	9,597,200.00
2019	5,524,625.00	1,245,875.00	1,034,050.00	1,856,725.00	9,661,275.00
2020	5,043,125.00	1,272,975.00	1,032,950.00	1,884,725.00	9,233,775.00
2021	5,259,625.00	1,298,675.00	1,031,250.00	1,918,675.00	9,508,225.00
2022	5,266,500.00	1,322,975.00	1,031,150.00	1,939,375.00	9,560,000.00
2023	5,283,125.00	1,350,775.00	1,032,725.00	1,967,125.00	9,633,750.00
2024	5,289,000.00	1,376,518.75	1,029,150.00	1,995,750.00	9,690,418.75
2025	5,300,625.00	1,404,537.50	1,030,025.00	1,990,875.00	9,726,062.50
2026	5,057,000.00	1,430,075.00	1,351,400.00	2,002,750.00	9,841,225.00
2027	4,802,750.00	1,462,725.00	1,347,900.00	1,996,250.00	9,609,625.00
2028	4,530,500.00	1,491,487.50	1,351,950.00	2,006,250.00	9,380,187.50
2029	—	1,521,737.50	4,659,000.00	1,992,750.00	8,173,487.50
2030	—	1,548,987.50	4,579,875.00	1,951,875.00	8,080,737.50
2031	—	1,582,043.75	4,570,000.00	1,899,500.00	8,051,543.75
2032	—	1,615,437.50	4,465,000.00	1,826,375.00	7,906,812.50
2033	—	1,649,762.50	4,355,000.00	1,728,625.00	7,733,387.50
2034	—	1,675,018.75	4,250,000.00	1,602,625.00	7,527,643.75
2035	—	1,710,943.75	3,810,534.00	1,440,125.00	6,961,602.75
2036	—	1,749,025.00	6,183,820.80	—	7,932,845.80
2037	—	1,778,750.00	5,660,252.95	—	7,439,002.95
2038	—	1,812,450.00	5,135,000.00	—	6,947,450.00
2039	—	1,844,700.00	5,102,650.00	—	6,947,350.00
2040	—	1,875,225.00	5,078,158.80	—	6,953,383.80
2041	—	1,908,587.50	5,045,588.10	—	6,954,175.60
2042	—	1,944,200.00	5,510,000.00	—	7,454,200.00
TOTAL	\$62,386,625.00	\$40,290,987.50	\$81,744,604.65	\$35,608,300.00	\$220,030,517.15

[†] For a summary of outstanding general fund debt obligations, see Table A-3 in APPENDIX A—"DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES—District Financial Information—LONG TERM DEBT OF THE DISTRICT."

* Preliminary, subject to change. For a description of the 2011 Authority Bonds expected to be prepaid, see "Plan of Refunding."

SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS

Pledge of Revenues

Pursuant to Section 5544.2(f) of the District Act, all Revenues are pledged to the payment of Bonds, including the 2016 Green Bonds and all other Promissory Notes in accordance with their respective terms.

Allocation of Revenues

The District agrees and covenants in the Indenture that all Revenues received by the District will be deposited when and as received in the Midpeninsula Regional Open Space District Revenue Fund (the "Revenue Fund"), which fund the District agrees and covenants to maintain so long as any 2016 Green Bond remain Outstanding. Based upon the adopted budget of the District, amounts to be received in the Revenue Fund exceeding the deposits to the debt service requirements set forth below, will be surplus funds, which surplus funds may be budgeted and applied for any lawful purpose of the District.

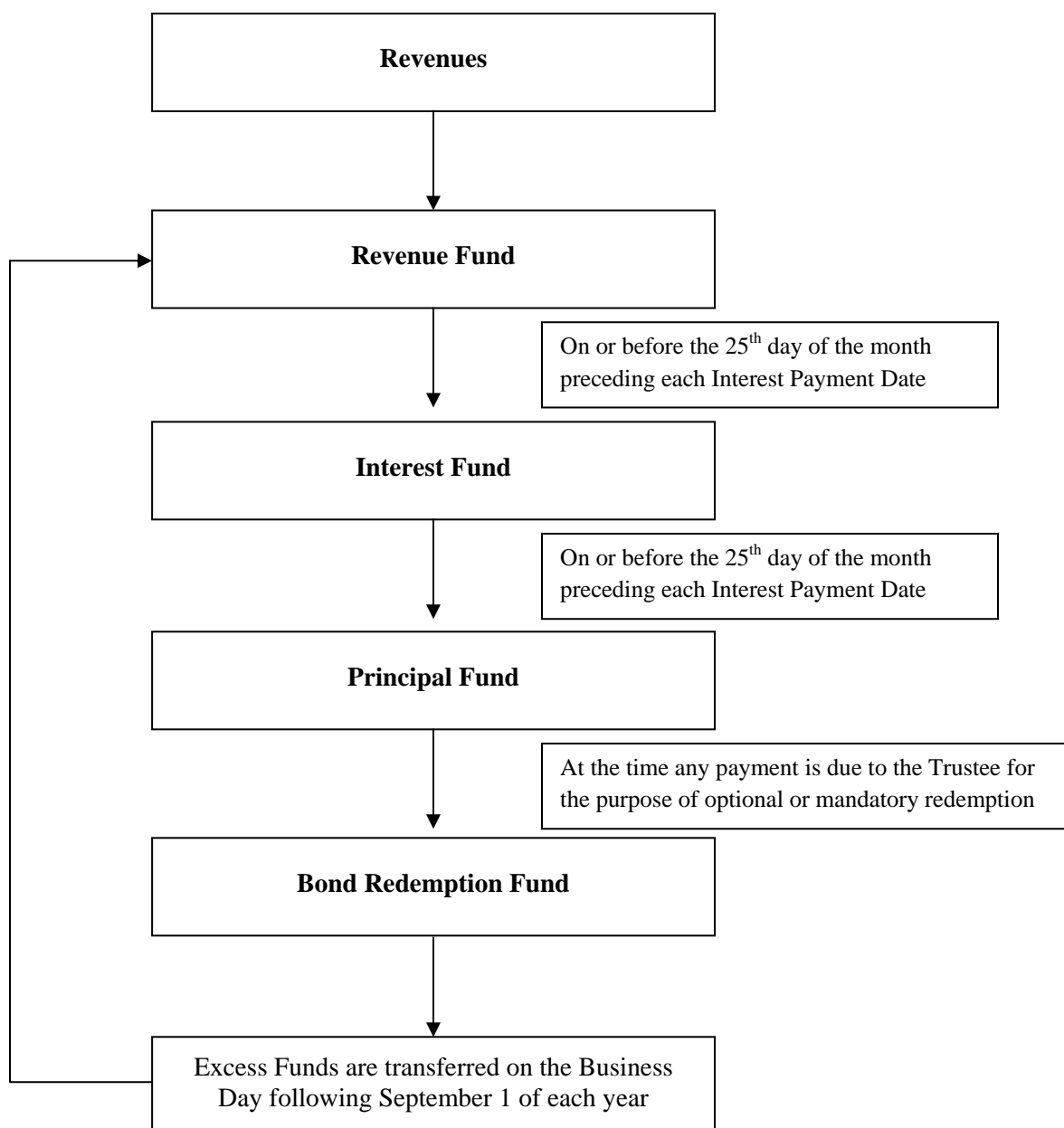
The District is required to transfer the following amounts from the Revenue Fund into the following respective funds at the times and in the manner and priority summarized below.

First: To the Interest Fund. On or before the 25th day of the month next preceding each Interest Payment Date (commencing on February 25th, 2017), the District shall deposit in the Interest Fund an amount equal to the interest becoming due and payable to but not including such Interest Payment Date. All money in the Interest Fund is required to be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2016 Green Bond to but not including their respective Interest Payment Dates.

Second: To the Principal Fund. On or before the 25th day of the month next preceding each Principal Payment Date (commencing on August 25th, 2017), the District is required to deposit in the Principal Fund an amount equal to the principal of the 2016 Green Bonds becoming due and payable on such date. All moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2016 Green Bonds on their respective Bond Payment Dates or redemption dates.

Third: To the Bond Redemption Fund. At the time that any payment is due to the Trustee for the purpose of optional or mandatory redemption, the District is required to deposit in the Bond Redemption Fund an amount equal to the principal amount of, and interest on the 2016 Green Bond being redeemed, plus the redemption premium, if any. All money in the Bond Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal of, interest on, and redemption premium, if any due on the 2016 Green Bond on their respective redemption dates.

Fourth: Excess Funds. Unless the District otherwise directs in writing, any amounts remaining in the Interest, Principal, and Bond Redemption Funds on the Business Day following September 1 of each year will be returned to the District for deposit in the Revenue Fund.

Flow of Funds Chart

No Debt Service Reserve Fund

The 2016 Green Bonds are secured by and payable solely from Revenues consisting primarily of the District's share of the general one percent *ad valorem* property taxes levied on all taxable property in the District. Therefore, the Indenture does not require the District to establish a reserve fund for the 2016 Green Bonds.

***Ad Valorem* Property Taxation Within the District**

Taxes are levied by the Counties for each fiscal year (June 30) on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessors of the Counties, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year (June 30). If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid by 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (i) bringing a civil action against the taxpayer; (ii) filing a certificate in the office of the County Clerk of a County specifying certain facts in order to obtain a lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the County Clerk and County Recorder's office of the applicable County in order to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Allocation of Property Taxes

The allocation of *ad valorem* property taxes to local governments and, accordingly, the District, is subject to certain State statutes, which may change from time to time. However, such allocation of *ad valorem* property taxes has received constitutional protection in recent years, and the District believes that any such change will not adversely affect its ability to pay debt service on the 2016 Green Bonds. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS—Proposition 1A; Proposition 22."

General Fund Tax Receipts

The following table shows the District's general fund tax receipts for the past 10 fiscal years (ended each June 30).

Table 4
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
General Fund Tax Receipts for Past 10 Fiscal Years
Ending June 30

District Secured and Unsecured Tax Receipts ^{(1) (2)}

Fiscal Year⁽³⁾ <u>(June 30)</u>	Santa Clara <u>County</u>	San Mateo <u>County</u>	<u>Total District</u>
2005-06	\$12,535,575	\$6,618,709	\$19,154,284
2006-07	15,009,587	7,676,989	22,686,576
2007-08	16,161,599	8,146,356	24,307,955
2008-09	17,641,902	8,737,514	26,379,416
2009-10	18,059,222	9,057,026	27,116,248
2010-11	17,836,555	9,020,424	26,856,979
2011-12	18,115,962	9,076,982	27,192,944
2012-13	19,141,070	9,455,338	28,596,408
2013-14	20,866,158	10,059,271	30,925,429
2014-15	22,857,348	10,758,474	33,615,822

(1) The District also receives a share of delinquent taxes, redemption fees, supplemental taxes and State subvention payments from each County in the District. This revenue totaled \$967,353 in 2013-14 and \$1,226,621 in 2014-15.

(2) During 2013-14 and 2014-15, the District received \$960,675 and \$784,436, respectively, related to the dissolution of redevelopment agencies within the District. See also “--Dissolution of Redevelopment Agencies.”

(3) Santa Clara County and San Mateo County both provide property tax receipt based on their fiscal year ending June 30. There are no general fund taxes levied in Santa Cruz County.

Source: District Controller.

Table 5 presents historic and proforma maximum annual debt service coverage, for the District's long-term general fund debt, and Table 6 presents projected revenues for the District reflecting assessed valuations announced by County Assessors in July 2016 for 2016-17 (an approximately 9.0% increase), and assuming 3% annual growth in 2017-18 and thereafter. The projected revenues do not include any future development grants or tax levies for general obligation bonds.

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Table 5
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
Historical and Projected Maximum Annual General Fund Debt Service Coverage
Fiscal Years Ended March 31
(\$ in Thousands)

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	Proforma <u>2015-16</u>
General Fund Tax Revenues	\$28,737	\$30,270	\$32,433	\$35,082	\$38,394
Senior Debt Service ⁽¹⁾	5,352	6,058	5,607	5,570	7,734
Senior Coverage Ratio	5.4x	5.0x	5.8x	6.3x	5.0x
Operating Revenue after Senior Debt ⁽²⁾	25,320	26,027	28,543	31,363	32,800
Subordinate Obligations ⁽³⁾	4,460	2,819	3,251	3,324	2,149
Net Revenue Coverage Ratio	5.7x	9.2x	8.8x	9.4x	15.3x

(1) Includes the 2007A Bonds, the 2011 Bonds, 2012 Promissory Notes and the 2015 Refunding Promissory Notes.

(2) Includes projected "Other Revenue" from Table 6.

(3) Includes \$1,575,000 maximum debt service payment on a private note, currently scheduled for repayment in 2022-23 but the holder can demand repayment at any time.

Source: District Controller.

Table 6
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
Projected Revenues for General Fund Debt
Fiscal Years Ending June 30
(\$ in Thousands)

<u>Fiscal Year</u> <u>(June 30)</u>	<u>Tax Revenues</u>	<u>Other Revenue[†]</u>	<u>Operating Revenue</u>
2016-17	\$42,330	\$1,891	\$44,221
2017-18	43,600	1,919	45,519
2018-19	44,908	1,948	46,856
2019-20	46,255	1,977	48,233
2020-21	47,643	2,007	49,650

[†] Includes revenues from property management and interest.

Source: District Controller.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessors of the Counties, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIII A of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. Prior to fiscal year (June 30) 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

The fiscal year (June 30) 2015-16 assessed valuation of the District in Santa Clara County increased 10.9% over fiscal year 2014-15. The fiscal year 2015-16 assessed valuation in San Mateo County increased 8.3% from fiscal year 2014-15. *Ad valorem* taxes are not levied on the three parcels located in the Santa Cruz County portion of the District.

Table 7
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
Summary of Assessed Valuation
Fiscal Years 2011-12 through 2015-16

Santa Clara County Portion Only

Fiscal Year (June 30)	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	Total Before <u>Rdv. Increment</u>	Total After <u>Rdv. Increment</u>
2012	\$110,480,450,873	\$5,192,456	\$6,843,136,528	\$117,328,779,857	\$112,337,678,583
2013	115,665,767,418	5,192,456	7,574,405,026	123,245,364,900	117,796,453,103
2014	125,816,313,137	5,192,456	8,032,679,682	133,854,185,275	128,261,359,652
2015	134,293,818,913	3,616,356	8,134,278,301	142,431,713,570	136,364,265,861
2016	148,710,117,100	3,616,356	8,236,860,519	156,950,593,975	151,221,560,473

San Mateo County Portion Only

Fiscal Year (June 30)	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	Total Before <u>Rdv. Increment</u>	Total After <u>Rdv. Increment</u>
2012	\$51,670,520,965	\$2,464,668	\$1,952,159,401	\$53,625,145,034	\$49,913,049,371
2013	53,793,234,014	2,464,745	1,948,563,396	55,744,262,155	51,977,724,339
2014	57,513,572,325	2,335,966	2,180,554,159	59,696,462,450	55,714,674,355
2015	60,798,836,807	2,343,298	2,087,352,630	62,888,532,735	58,641,317,894
2016	66,177,632,738	3,085,789	2,363,781,063	68,544,499,590	63,519,108,202

Total District

Fiscal Year (June 30)	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	Total Before <u>Rdv. Increment</u>	Total After <u>Rdv. Increment</u>
2012	\$162,150,971,838	\$7,657,124	\$8,795,295,929	\$170,953,924,891	\$162,250,727,954
2013	169,459,001,432	7,657,201	9,522,968,422	178,989,627,055	169,774,177,442
2014	183,329,885,462	7,528,422	10,213,233,841	193,550,647,725	183,976,034,007
2015	195,092,655,720	5,959,654	10,221,630,931	205,320,246,305	195,005,583,755
2016	214,887,749,838	6,702,145	10,600,641,582	225,495,093,565	214,740,668,675

Source: California Municipal Statistics, Inc.

Taxation of State-Assessed Utility Property

Less than 1% of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization (“SBE”). Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property,” a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation by Land Use

The following table describes a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

Table 8
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
2015-16 Assessed Valuation and Parcels by Land Use

	2015-16 <u>Assessed Valuation</u> [†]	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural/Rural	\$481,975,623	0.22%	636	0.32%
Commercial/Office	28,650,008,026	13.33	6,159	3.12
Industrial	15,835,905,174	7.37	2,341	1.19
Recreational	413,995,774	0.19	111	0.06
Government/Social/Institutional	1,252,220,345	0.58	1,163	0.59
Miscellaneous	<u>467,816,027</u>	<u>0.22</u>	<u>854</u>	<u>0.43</u>
SUBTOTAL NON-RESIDENTIAL	\$47,101,920,969	21.92%	11,264	5.70%
<u>Residential:</u>				
Single Family Residence	\$133,755,943,880	62.24%	139,741	70.74%
Condominium/Townhouse	16,371,804,227	7.62	29,725	15.05
Mobile Home	217,612,283	0.10	3,742	1.89
2-4 Residential Units	3,650,775,060	1.70	5,983	3.03
5+ Residential Units/Apartments	11,214,505,748	5.22	2,680	1.36
Miscellaneous Residential	<u>28,755,608</u>	<u>0.01</u>	<u>80</u>	<u>0.04</u>
SUBTOTAL RESIDENTIAL	\$165,239,396,806	76.90%	181,951	92.11%
Vacant Parcels	\$2,546,432,063	1.19%	4,315	2.18%
TOTAL	\$214,887,749,838	100.00%	197,530	100.00%

[†] Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Residential Properties

The following table focuses on single-family residential properties only, which comprise approximately 62% of the assessed value of taxable property in the District. The table provides a distribution of single-family residences in the District by assessed value. The average assessed value is \$957,170, and the median assessed value is \$692,901.

Table 9
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
Per Parcel 2015-16 Assessed Valuation of Single Family Homes

Single Family Residential	No. of <u>Parcels</u>	2015-16 Assessed <u>Valuation</u>	Average Assessed <u>Valuation</u>	Median Assessed <u>Valuation</u>
	139,741	\$133,755,943,880	\$957,170	\$692,901

<u>2015-16 Assessed Valuation</u>	<u>No. of Parcels[†]</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	11,264	8.061%	8.061%	\$838,423,308	0.627%	0.627%
\$100,000 - \$199,999	15,805	11.310	19.371	2,252,310,503	1.684	2.311
\$200,000 - \$299,999	9,722	6.957	26.328	2,428,660,357	1.816	4.126
\$300,000 - \$399,999	8,491	6.076	32.404	2,963,656,402	2.216	6.342
\$400,000 - \$499,999	8,627	6.174	38.578	3,887,118,048	2.906	9.248
\$500,000 - \$599,999	8,601	6.155	44.733	4,727,596,362	3.534	12.783
\$600,000 - \$699,999	7,871	5.633	50.365	5,107,000,265	3.818	16.601
\$700,000 - \$799,999	7,682	5.497	55.863	5,761,495,791	4.307	20.908
\$800,000 - \$899,999	7,645	5.471	61.333	6,502,559,022	4.862	25.770
\$900,000 - \$999,999	7,007	5.014	66.348	6,649,016,947	4.971	30.741
\$1,000,000 - \$1,099,999	5,944	4.254	70.601	6,227,521,676	4.656	35.397
\$1,100,000 - \$1,199,999	4,845	3.467	74.068	5,560,768,631	4.157	39.554
\$1,200,000 - \$1,299,999	4,019	2.876	76.944	5,018,736,524	3.752	43.306
\$1,300,000 - \$1,399,999	3,853	2.757	79.702	5,193,982,288	3.883	47.190
\$1,400,000 - \$1,499,999	3,253	2.328	82.030	4,709,142,070	3.521	50.710
\$1,500,000 - \$1,599,999	2,994	2.143	84.172	4,636,861,128	3.467	54.177
\$1,600,000 - \$1,699,999	2,515	1.800	85.972	4,144,203,315	3.098	57.275
\$1,700,000 - \$1,799,999	2,271	1.625	87.597	3,972,165,759	2.970	60.245
\$1,800,000 - \$1,899,999	2,046	1.464	89.061	3,779,942,370	2.826	63.071
\$1,900,000 - \$1,999,999	1,682	1.204	90.265	3,277,501,154	2.450	65.521
\$2,000,000 and greater	<u>13,604</u>	<u>9.735</u>	100.000	<u>46,117,281,960</u>	<u>34.479</u>	100.000
TOTAL	139,741	100.000%		\$133,755,943,880	100.000%	

[†] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The twenty taxpayers in the District with the greatest combined secured assessed valuation of taxable property on the 2015-16 tax roll, and the assessed valuations thereof, are shown below.

Table 10
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2015-16
(June 30)

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total</u>
1.	Board of Trustees, Leland Stanford Jr. University	Various Property Holdings	\$5,762,011,362	2.68%
2.	Google Inc.	Office Building	2,831,953,508	1.32
3.	Campus Holdings Inc.	Office Building	1,511,150,025	0.70
4.	Lockheed Missiles and Space Co. Inc.	Manufacturing	1,254,107,558	0.58
5.	Apple Computer Inc.	Office Building	1,043,951,286	0.49
6.	Oracle Corp.	Office Building	590,928,074	0.27
7.	Network Appliance Inc.	Office Building	577,318,627	0.27
8.	Menlo & Juniper Networks LLC	Office Building	515,358,677	0.24
9.	Sobrato Interests	Apartments	432,911,034	0.20
10.	Yahoo Inc.	Office Building	431,563,491	0.20
11.	Applied Materials Inc.	Research and Development	400,338,485	0.19
12.	Intuitive Surgical Inc.	Office Building	386,530,569	0.18
13.	HCP Life Science REIT Inc.	Research and Development	347,803,542	0.16
14.	Wells REIT II-University Circle LP	Office Building	333,161,508	0.16
15.	SPF Mathilda LLC	Office Building	297,273,207	0.14
16.	The Irvine Company	Apartments	287,001,902	0.13
17.	MT SPE LLC	Office Building	281,977,051	0.13
18.	Westport Office Park LLC	Office Building	272,555,675	0.13
19.	BRE Properties Inc.	Apartments	260,299,127	0.12
20.	DWF IV 1400-1500 Seaport Blvd. LLC	Office Building	<u>259,000,000</u>	<u>0.12</u>
	SUBTOTAL		\$18,077,194,708	8.41%
	All Others	Various	<u>196,810,555,130</u>	<u>91.59</u>
	TOTAL		\$214,887,749,838	100.00%

Source: California Municipal Statistics, Inc.

Tax Rate Areas

Contained within the District's boundaries are numerous overlapping local agencies. The following tables show *ad valorem* property tax rates for the last five tax years in the largest Tax Rate Area of the District in Santa Clara County and San Mateo County.

Table 11
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
Typical Total Tax Rates per \$100 of Assessed Valuation⁽¹⁾

Santa Clara County (Tax Rate Area 6-001)⁽²⁾

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016⁽³⁾</u>
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	1.00000
County Retirement Levy	.03880	.03880	.03880	.03880	.03880
County Hospital Bond	.00470	.00510	.00350	.00910	.00880
City of Palo Alto	.01550	.01290	.01770	.01594	.01477
Palo Alto Unified School District	.04560	.09510	.09140	.08510	.08600
Foothill-De Anza Community College District	.02970	.02870	.02900	.02760	.02400
Midpeninsula Regional Open Space District	—	—	—	—	.00080
TOTAL ALL PROPERTY	\$1.13430	\$1.18060	\$1.18040	\$1.17654	\$1.17317
Santa Clara Valley Water District – State Water Project	.00630	.00690	.00700	.00650	.00570
TOTAL LAND AND IMPROVEMENT	.00630	.00690	.00700	.00650	.00570

San Mateo County (Tax Rate Area 9-001)⁽⁴⁾

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Midpeninsula Regional Open Space District	—	—	—	—	.0008
Redwood City School District	.0255	.0256	.0240	.0230	.0158
Sequoia Union High School District	.0358	.0356	.0313	.0433	.0434
San Mateo Community College District Bond	.0199	.0194	.0194	.0190	.0250
TOTAL	\$1.0812	\$1.0806	\$1.0747	\$1.0853	\$1.0850

(1) Due to the District's size and that it is located in two counties (Santa Cruz County excluded), there is no tax rate area that represents the typical total tax rate for the District. The above tax rate areas are the largest in terms of assessed valuation for each county's portion of the district.

(2) 2015-16 assessed valuation of Tax Rate Area (TRA) 6-001 is \$23,936,719,617, which is 10.62% of the District's total assessed valuation.

(3) Fiscal year 2015-16 was the first year in which *ad valorem* property taxes authorized by Measure AA were levied. For a description of Measure AA, see APPENDIX A—"DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES—District Financial Information-General."

(4) 2015-16 assessed valuation of TRA 9-001 is \$8,109,918,455, which is 3.60% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

General. There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY

LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS” and APPENDIX A–“DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SAN MATEO AND SANTA CLARA COUNTIES–RISKS AFFECTING THE DISTRICT.”

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the applicable County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the applicable County Assessor.

In 2008-09, the Santa Clara County Assessor’s office reduced the assessed values of 90,836 properties as of January 1, 2009, for a reduction in assessed valuation totaling \$17.4 billion. In 2010-11, the Santa Clara County Assessor’s office unilaterally reduced the assessed values of 118,690 properties, for a reduction in assessed valuation of \$14.3 billion. In San Mateo County, 16% of residential properties had declines in assessed valuations for fiscal year (June 30) 2010-11.

By fiscal year (June 30) 2012-13, assessed valuation in Santa Clara County had rebounded to a level above that for fiscal year 2009-10, which had been the highest valuation in the history of Santa Clara County. For San Mateo County, assessed valuation in fiscal year (June 30) 2011-12 recovered to a level above that for fiscal year (June 30) 2009-10, which had been the highest valuation in the history of San Mateo County. No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS.”

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Property Tax Collections

The District’s total secured tax collections and delinquencies are apportioned on a County-wide basis, according to the District’s designated tax rate amount. Therefore, the total secured tax levies, as well as collections and delinquencies reported, do not represent the actual secured tax levies, collections and delinquencies of taxpayers within the tax areas of the District. In addition, the District’s total secured tax levy does not include special assessments, supplemental taxes or other charges that have been assessed on property within the District or other tax rate areas of the Counties.

Each of Santa Clara County and San Mateo County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) as provided for in Sections 4701 through 4717 of the State Revenue and Taxation Code. The Teeter Plan requires that a county pay 100% of *ad valorem* secured property taxes due to local agencies in the fiscal year such taxes

are due regardless of the actual payments and delinquencies. Under these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

The District is a participant in the Teeter Plan of each County. Because of this method of tax collection, districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due on delinquent payments or in the interest that accrues on delinquent payments.

The Teeter Plan, as applicable to the District, remains in effect unless the Board of Supervisors of either County orders its discontinuance or unless, prior to the commencement of any fiscal year (which commences on July 1), the Board of Supervisors of such County has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in such County, in which event the Board of Supervisors is required to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors of either County may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event that the Teeter Plan was terminated, the amount of the levy of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

So long as the Teeter Plan remains in effect with respect to each County, the receipt of revenues by the District with respect to the levy of *ad valorem* property taxes in the Counties will not be dependent upon actual collections of the *ad valorem* property taxes by the Counties.

See APPENDIX A—"DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SAN MATEO AND SANTA CLARA COUNTIES—DISTRICT FINANCIAL INFORMATION—Long-Term Obligations" for a description of long-term debt payable from the District's General Fund.

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Direct and Overlapping Debt Obligations

Set forth in Table 12 is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. for debt issued as of June 30, 2016. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by the specified public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (i) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (ii) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column one which is represented by property located within the District; and (iii) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District’s assessed valuation represented in column two.

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Table 12
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
Statement of Direct and Overlapping Bonded Debt
(June 30, 2016)

2015-16 Assessed Valuation: \$225,495,093,565

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/1/16</u>	
Santa Clara County	40.448%	\$ 320,584,781	
Foothill-De Anza Community College District	93.405	546,216,052	
San Mateo Community College District	38.431	247,643,225	
West Valley-Mission Community College District	29.331	123,169,760	
Palo Alto Unified School District	100.	304,863,766	
Fremont Union High School District	85.328	312,279,223	
Sequoia Union High School District	91.159	367,803,775	
Other High School Districts	Various	145,995,674	
Belmont-Redwood Shores School District and School Facilities Improvement Districts Nos. 1 and 2	8.409-93.577	56,109,998	
Cupertino Union School District	75.322	220,579,489	
Los Altos School District	100.	73,555,000	
Los Gatos Union School District	97.925	92,524,436	
Menlo Park City School District	100.	118,948,824	
San Carlos School District	96.331	116,137,198	
Mountain View-Whisman School District	100.	224,142,334	
Sunnyvale School District	100.	159,445,820	
Other Unified and Elementary School Districts	Various	282,120,057	
Cities	0.019-100.	102,970,277	
El Camino Hospital District	98.760	134,590,128	
Midpeninsula Regional Open Space District	100.	45,000,000	
Special Districts	100.	3,333,492	
Community Facilities Districts	100.	30,875,000	
Santa Clara Valley Water District Benefit Assessment District	40.448	40,067,789	
1915 Act Bonds (Estimate)	100.	34,001,505	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$4,102,957,603	
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	40.448%	\$276,371,525	
Santa Clara County Pension Obligation Bonds	40.448	148,492,030	
San Mateo County General Fund Obligations	38.431	164,632,569	
County Board of Education Certificates of Participation	38.431-40.448	6,381,408	
Foothill Community College District Certificates of Participation	93.405	9,082,087	
West Valley-Mission Community College District General Fund Obligations	29.331	18,824,636	
Union High School District General Fund Obligations	Various	10,497,442	
Saratoga Union School District Certificates of Participation	100.	4,600,000	
Other Unified and Elementary School District General Fund Obligations	Various	4,401,285	
City of Cupertino General Fund Obligations	93.081	33,355,576	
City of Los Altos General Fund Obligations	100.	1,460,000	
City of Palo Alto General Fund Obligations	100.	2,383,453	
City of Redwood City General Fund Obligations	100.	1,711,586	
City of Sunnyvale General Fund Obligations	99.994	19,463,832	
Other City General Fund Obligations	Various	7,171,615	
Menlo Park Fire Protection District Certificates of Participation	100.	11,015,000	
Santa Clara County Vector Control District Certificates of Participation	40.448	1,168,947	
Midpeninsula Regional Open Space District General Fund Obligations	100.	122,305,886	(1)
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$843,318,877	
Less: Santa Clara County supported obligations		148,082,394	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$695,236,483	
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	100. %	\$166,454,779	
GROSS COMBINED TOTAL DEBT		\$5,112,731,259	(2)
NET COMBINED TOTAL DEBT		\$4,964,648,865	

(1) Excludes accreted value of capital appreciation bonds.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

Direct Debt (\$45,000,000)	0.02%
Total Direct and Overlapping Tax and Assessment Debt	1.82%
Combined Direct Debt (\$167,305,886)	0.07%
Gross Combined Total Debt	2.27%
Net Combined Total Debt	2.20%

Ratios to Redevelopment Incremental Valuation (\$10,754,424,890):

Total Overlapping Tax Increment Debt	1.55%
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Source: California Municipal Statistics, Inc.

Additional Bonds and Promissory Notes

The District agrees and covenants in the Indenture that, until payment in full of all interest on and principal of the 2016 Green Bonds (or provision satisfactory for such payment has been made), it will incur no additional indebtedness or obligations payable from the Revenues having any priority in payment to the payment of the interest on or principal of the 2016 Green Bonds.

The District further agrees and covenants in the Indenture that it will incur no additional indebtedness or obligations that are secured by a pledge of and lien on or payable from the Revenues received by the District on a parity in payment of the interest on or principal of the 2016 Green Bonds; unless: (i) such issuance is in compliance with the District Act which act currently requires that the aggregate principal amount of the proposed debt and of all Bonds and Promissory Notes that will be outstanding after the issuance of such debt does not exceed an amount equal to the anticipated property tax revenue allocations for the next five-year period; and (ii) the District files a certificate with the Trustee showing that: (A) total Revenues received by the District in its most recent audited fiscal year, as shown by the most recent audited financial statement of the District, (B) the maximum annual Debt Service that will be payable following the proposed additional debt on (1) all outstanding Promissory Notes of the District and other obligations of the District that would be payable from Revenues on a parity with the 2016 Green Bonds, (2) the outstanding 2016 Green Bonds, and (3) the proposed additional indebtedness that is to be secured by a pledge of and lien on or payable from the Revenues received by the District on a parity in payment of the interest on or principal of the 2016 Green Bonds, and (C) the total Revenues defined in (A) above is at least 125% of the total defined in clause (ii).

Notwithstanding the above, there are no limitations on the ability of the District to: (i) issue any Bonds at any time to refund any outstanding 2016 Green Bonds or any outstanding Promissory Notes or other obligations payable on a parity transaction (provided that such refunding produces at least \$1 of net present value savings); or (ii) execute any contract which is payable from Revenues on a subordinate basis to the payment by the District of the 2016 Green Bonds.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978 and has been amended on occasions, including most recently on November 7, 2000 to reduce the voting percentage required for the passage of school bonds. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to 1% of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on any (1) indebtedness approved by the voters prior to July 1, 1978, (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition and (3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition.

Under current law, local agencies are no longer permitted to levy directly any ad valorem property tax (except to pay voter-approved indebtedness).

Section 2 of Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975-76 fiscal year (June 30) tax bill, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. See “–Litigation Relating to Two Percent Limitation” below. Legislation implementing Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues attributable to the District.

Both the State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the State Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in July 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

Article XIII C and XIII D of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the District to levy and collect both existing and future taxes, assessments, fees and charges.

Taxes. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the District (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the District’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the District to raise revenues for the General Fund, and no assurance can be given that the District will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Property-Related Fees, Charges and Assessments. Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property- related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIII D, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Fees and Charges. Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the District will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the District’s General Fund. If such repeal or reduction occurs, the District’s ability to pay debt service on certain of its Long-Term Obligations could be adversely affected.

Burden of Proof. Article XIII C provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIII D provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIII D.

Proposition 26. On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIII C define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Judicial Interpretation. The interpretation and application of Articles XIII C and XIII D will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Proposition 1A; Proposition 22

Proposition 1A of 2004. Proposition 1A of 2004, proposed by the Legislature in connection with the State’s fiscal year (June 30) 2004-05 Budget Act, and approved by the voters in November 2004, was generally effective in fiscal year (June 30) 2006-07. Proposition 1A of 2004 provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A of 2004 provided, however, that beginning in fiscal year (June 30) 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaimed that the shift is needed due to a severe state financial hardship, the shift was approved by two-thirds of both houses and certain other conditions were met. Such a shift may not occur more than twice in any 10-year period. The State could also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 22. On November 2, 2010, voters in the State approved Proposition 22 known as the “Local Taxpayer, Public Safety, and Transportation Protection Act.” Proposition 22 eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization (“Unitary Property”), commencing with the 1988-89 fiscal year (June 30), are allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, and Propositions 1A of 2004, 22, 26 and 62 were each adopted as measures that qualified for the ballot through California’s initiative process. From time to time other initiative measures could be adopted, further affecting the District’s revenues.

TAX MATTERS

In the opinion of 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 2016 Green 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 2016 Green Bonds is not a specific preference item for purposes of the federal individual or 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 as APPENDIX F hereto.

To the extent the issue price of any maturity of the 2016 Green Bonds is less than the amount to be paid at maturity of such 2016 Green Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2016 Green 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 2016 Green 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 2016 Green Bonds is the first price at which a substantial amount of such maturity of the 2016 Green 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 2016 Green Bonds accrues daily over the term to maturity of such 2016 Green 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 2016 Green Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2016 Green Bonds. Beneficial Owners of the 2016 Green Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2016 Green Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2016 Green Bonds in the original offering to the public at the first price at which a substantial amount of such 2016 Green Bonds is sold to the public.

2016 Green 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 2016 Green Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2016 Green 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 2016 Green Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2016 Green 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 2016 Green Bonds may adversely affect the value of, or the tax status of interest on, the 2016 Green 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 2016 Green 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 2016 Green Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2016 Green 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, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the 2016 Green Bonds to some extent for high-income individuals. 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 2016 Green Bonds. Prospective purchasers of the 2016 Green 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 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2016 Green Bonds ends with the issuance of the 2016 Green Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the 2016 Green Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2016 Green Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2016 Green Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

CONTINUING DISCLOSURE

General

The District has covenanted for the benefit of the owners and beneficial owners of the 2016 Green Bonds to provide certain financial information and operating data relating to the District by no later than 210 days after the end of the District's fiscal year (June 30) being the current fiscal year-end) (the "Annual Report"), commencing with the report due January 26, 2017 for fiscal year (June 30) 2015-16, and to provide notice of the occurrence of significant events either deemed to be material under federal regulations or deemed by the District to be material under the facts and circumstances. The Annual Report and the notices of significant events will be filed by the District or by a dissemination agent on behalf of the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website. The specific nature of the information to be contained in the Annual Report or the notices of significant events is set forth in the form of Continuing Disclosure Certificate presented in APPENDIX E.

Any failure by the District to comply with the provisions or the Continuing Disclosure Certificate is not an "Event of Default" as defined in the Indenture. The sole remedy upon any failure by the District to comply with the Disclosure Certificate will be an action to compel performance. See APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Past Instances of Non-Disclosure

The District timely submitted its annual continuing disclosure information to its dissemination agent each year from 2009 through 2014. However, the District failed to fully link the continuing disclosure information to all of the applicable CUSIP numbers when it was posted on EMMA; certain of the annual reports were missing updates to certain financial data because those annual reports were not submitted in a format that could be uploaded, or did not include updates of some of the financial and operating data that was not available to the District and would have needed to be purchased from a third party provider; and the District did not file notices of certain rating changes; although such ratings were discussed in the management's discussion section of the District's annual audited financial statements.

The District made all remedial filings in September 2014 to address those instances of non-compliance, and in November 2014 the Board of Directors adopted policies and procedures to ensure compliance with its continuing disclosure undertakings. Those policies and procedures, which became effective April 1, 2015, include: identifying a disclosure coordinator within the organization to coordinate the preparation of annual reports by a dissemination agent on behalf of the District, file notices of listed events on EMMA and coordinate annual disclosure training sessions; and establishing a disclosure working group comprised of the General Manager, the Controller and the General Counsel to review and approve such annual reports and notices of listed events. On June 25, 2015, the District engaged Goodwin Consulting Group to act as dissemination agent for its continuing disclosure reporting.

UNDERWRITING

The 2016 Green Bonds are being purchased by Morgan Stanley & Co. LLC (the “Underwriter”) pursuant to the terms and conditions of a bond purchase agreement between the District and the Underwriter, which provides that the Underwriter will purchase all of the 2016 Green Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter has agreed to purchase the 2016 Green Bonds at a price equal to \$_____, which equals the par amount of the 2016 Green Bonds (\$_____), plus a net original issue premium of \$_____, less an Underwriter’s discount of \$_____.

The Underwriter intends to offer the 2016 Green Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the 2016 Green Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may re-allow any such discounts on sales to other dealers. In reoffering Bonds to the public, the Underwriter may over-allocate or effect transactions that stabilize or maintain the market prices for Bonds at levels above those that might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2016 Green Bonds.

LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District, will render the opinion substantially in the form of APPENDIX F hereto with respect to the validity of the 2016 Green Bonds. Certain legal matters will be passed upon for the District by its General Counsel and by Schiff Hardin LLP, San Francisco, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP, San Francisco, California.

Fees payable to Bond Counsel, Disclosure Counsel, and Underwriter’s Counsel are contingent upon issuance of the 2016 Green Bonds.

MUNICIPAL ADVISOR

The District has retained Backstrom McCarley Berry & Co., LLC, as Financial Advisor (the “Financial Advisor”) for the sale of the “2016 Green Bonds.” The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

NO MATERIAL LITIGATION

[Confirm]

The District is not aware of any pending or threatened litigation concerning the validity of the 2016 Green Bonds, or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue the 2016 Green Bonds. Furthermore, the District is not aware of any pending or threatened litigation to restrain, enjoin, question or otherwise affect the political existence of the District or the validity of the Resolution, or in any way contesting or affecting the validity or enforceability of any of the foregoing or any proceedings of the District taken with respect to any of the foregoing.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

RATINGS

Fitch Ratings ("Fitch") has assigned its municipal bond rating of "___" to the 2016 Green Bonds. S&P Global Ratings ("S&P") has assigned its municipal bond rating of "___" to the 2016 Green Bonds.

These ratings reflect only the views of the rating agencies, and explanations of the significance of these ratings, and any outlooks assigned to or associated with these ratings, should be obtained from the respective rating agencies.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The District has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

There is no assurance that these ratings will continue for any given period of time or that these ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2016 Green Bonds may have an adverse effect on the market price or marketability of the 2016 Green Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the 2016 Green Bonds, Causey Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"), will deliver a report stating that it has reviewed and confirmed the mathematical accuracy of certain computations relating to the adequacy of the funds and/or securities deposited in the 2016 Escrow Fund and the interest thereon, if any, to pay, when due, the redemption price and interest on the Prior Bonds on the specified respective redemption dates thereof.

FINANCIAL STATEMENTS

Chavan & Associates, LLP, Certified Public Accountants (the “Auditor”), audited the financial statements of the District for the fiscal year ended March 31, 2015. The Auditor’s examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See APPENDIX B–“ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED MARCH 31, 2015.”

The Auditor has not performed any post-audit review of the financial condition or operations of the District.

Resolution No. 14-000 adopted by a majority of the Board of Directors on July 22, 2015, changed the fiscal year of the District to June 30 of each year beginning July 1, 2016 and extended fiscal year 2015-16 by three months to conclude on June 30, 2016. The Financial Statements of the District for the fiscal year ended June 30, 2016 are expected to be available in October 2016.

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MISCELLANEOUS

All of the descriptions of applicable law, the Indenture, the District, and the agreements and other documents contained herein are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2016 Green Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors of the District.

MIDPENINSULA REGIONAL OPEN SPACE
DISTRICT

By: _____
Stephen E. Abbors
General Manager

APPENDIX A

DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES

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APPENDIX A

DISTRICT GENERAL, FINANCIAL, AND OPERATING INFORMATION; AND ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES

The 2016 Green Bonds are payable solely from Revenues consisting primarily of the District's share of the general one percent ad valorem property tax levied by the County of Santa Clara and the County of San Mateo and allocated on property within the District. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS" in the Official Statement.

DISTRICT GENERAL INFORMATION

The Midpeninsula Regional Park District (the "District") was established in 1972, by voters of northwestern Santa Clara County. In 1976, voters approved expansion of the District to include southeastern San Mateo County. Later, the District became the "Midpeninsula Regional Open Space District." With the final approval of the Coastside Protection Program in 2004, the District's boundary was extended to the Pacific Ocean in San Mateo County, from the southern borders of Pacifica to the San Mateo County/Santa Cruz County border.

The boundaries of the District include approximately 200 square miles in Santa Clara County and 350 square miles in San Mateo County. Since 1992, the District has added 2.6 square miles in Santa Cruz County, but currently no property taxes are levied on this land. *Ad valorem* taxes will be levied on the Santa Cruz parcels, but the amount is expected to be minimal and is not presented in the tables in the Official Statement. The District includes 17 cities (Atherton, Cupertino, East Palo Alto, Half Moon Bay, Los Altos, Los Altos Hills, Los Gatos, Menlo Park, Monte Sereno, Mountain View, Palo Alto, Portola Valley, Redwood City, San Carlos, Saratoga, Sunnyvale, and Woodside). For a map of the District see page ii.

Administration

The Board originates, guides, and enforces District policies. A 165.45-person budgeted full-time equivalent permanent staff (as of fiscal year 2016-17) administers the policies, headed by the General Manager, who is appointed by the Board. The current General Manager is Stephen E. Abbors.

Set forth below are the names and expirations of the current terms for the members of the Board.

<u>Name</u>	<u>Office</u>	<u>Expiration of Current Term</u>
Pete Siemens, <i>Ward 1</i>	Member	December 2018
Yoriko Kishimoto, <i>Ward 2</i>	President	December 2018
Jed Cyr, <i>Ward 3</i>	Member	December 2016
Curt Riffle, <i>Ward 4</i>	Treasurer	December 2016
Nonette Hanco, <i>Ward 5</i>	Member	December 2018
Larry Hassett, <i>Ward 6</i>	Vice President	December 2018
Cecily Harris, <i>Ward 7</i>	Secretary	December 2016

The executive management staff consists of three positions appointed by the District Board; the General Manager, Controller, and General Counsel. Three management staff positions are appointed by the General Manager; the Chief Financial Officer and two Assistant General Managers.

Brief resumes for the District executive management staff are set forth below.

Stephen E. Abbors, General Manager. Mr. Abbors joined the District in early 2008 after a 24-year career managing watersheds and recreation for the East Bay Municipal Utility District, headquartered in Oakland, California. Prior to that, he was employed for over a decade by the East Bay Regional Park District, also headquartered in Oakland and the largest regional park district in the United States. He holds Bachelors and Masters Degrees in Biological Sciences from California State University, East Bay.

Michael L. Foster, District Controller. Mr. Foster has served as District Controller since 1978. Mr. Foster received an undergraduate degree in economics and a Master of Business Administration degree from Stanford University.

Sheryl Schaffner, Esq., General Counsel. Ms. Schaffner became the District's General Counsel in March 2012. Ms. Schaffner has over 20 years of experience representing public agencies, including cities, counties and state agencies, in both public and private sector capacities. Prior to joining the District, she served as City Attorney to the Cities of San Ramon and Eureka. She has experience in the private sector, specializing in CEQA with a leading environmental firm, served as staff counsel to the California Department of Conservation, senior staff counsel to the State Water Resources Control Board and functioned as lead attorney for the San Francisco Bay and North Coast Regional Water Quality Control Boards. She provided pro bono counsel to the Yolo Land Trust and Davis Agricultural Land Trust. Ms. Schaffner received her J.D. from the University of California at Davis.

Brief resumes for the District management staff are set forth below:

Stefan Jaskulak, Chief Financial Officer/Administrative Services Manager. Mr. Jaskulak joined the District in January 2016 as the District's first Chief Financial Officer/Administrative Services Director. Mr. Jaskulak has over 25 years of in-depth financial management experience including financial operations, treasury systems and operations, risk, accounting, financial systems, overseeing budgetary functions and operations, and structured finance including utilizing short and long term debt instruments as part of a comprehensive finance program. He has been a member of the Government Finance Officers Association's (GFOA) Treasury & Investment Management Committee since 2012 and his current term extends into 2017. Mr. Jaskulak earned his bachelor's degree in Business Administration from Loyola Marymount University and his Master in Business Administration from Newport University.

Ana Ruiz, Assistant General Manager. Ms. Ruiz joined the District in June 1998 as the District's Planning Technician in the Planning Department, and has progressed through the ranks to Planning Manager overseeing all major District capital projects, and ultimately to her current position as Assistant General Manager over Planning and Project Delivery, overseeing the Real Property, Planning, and Engineering and Construction Departments. Ms. Ruiz has over 18 years of planning and project management experience in open space, recreation, and environmental restoration. She earned her bachelor's degree in Geological and Environmental Sciences from Stanford University and a Masters in Urban and Regional Planning from San Jose State University. She is a Certified Planner by the American Institute of Certified Planners (AICP), the professional institute of the American Planning Association.

Kevin Woodhouse, Assistant General Manager. Mr. Woodhouse has been with the District since 2013 as Assistant General Manager overseeing Visitor and Field Services, which includes the Visitor Services, Land & Facilities Services, and Natural Resources departments. With over 23 years' experience in the public sector in various key positions, Mr. Woodhouse has a comprehensive background in operational and administrative management, including being a Deputy City Manager of a mid-sized city which involved Council goal-setting process and policy development, development of budget and fiscal-sustainability strategies, labor negotiations, intergovernmental partnership development, and monitoring environmental sustainability programs and progress. Mr. Woodhouse earned his Bachelor's degree in Philosophy from Stanford University, and a Master's in Public Administration from San Francisco State University, and is an active member of the International City/County Management Association and the Municipal Management Association of Northern California.

Operations and Planning

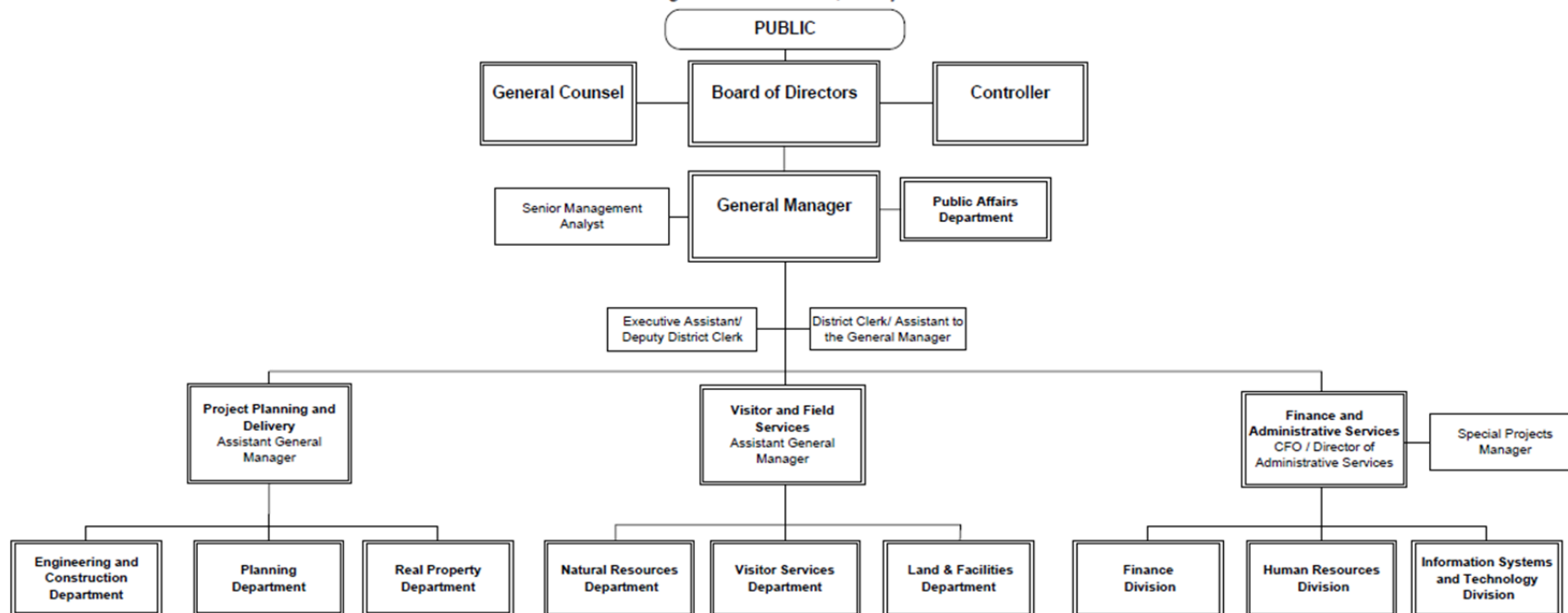
The District's chief method for preserving open space is to buy land, using District revenues as well as State and federal grants, receive gifts of open space land and undertake joint projects with other governmental agencies and private nonprofit corporations. The District also has the power of eminent domain except within the 220 square mile Coastside Protection Area in San Mateo County, but the District cannot regulate land it does not own. The District cannot adopt zoning or other land use restrictions; this power lies mainly with the local jurisdictions within the District's territory.

As part of the District's 2011 Strategic Plan, the Board of Directors unanimously approved the District's revised strategic direction for a more balanced implementation of its three-part mission statement to achieve beneficial impacts in (i) land preservation, (ii) resource restoration and (iii) public access and recreation. This strategic direction served as the policy foundation for the development of the District's 2014 Vision Plan, a 40-year plan that identified 54 projects located across the District's jurisdiction, aiming to expand public access to new areas, improve recreational facilities, protect important open space, support viable working and agricultural lands, restore sensitive natural habitats, and support cultural and scenic landscape.

Of the projects identified in the 2014 Vision Plan, 25 highest priority projects were identified to be financed with proceeds of general obligation bonds issued by the District.

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Midpeninsula Regional Open Space District
Organizational Chart – January 2016



DISTRICT FINANCIAL INFORMATION

General. The District keeps its books using the California State Controller's fund accounting principles for special districts, with a modified accrual basis of accounting in which the District generally recognizes revenues when they become both available and measurable and expenditures when it incurs the obligation (except for interest on long-term debt, which the District recognizes when it falls due).

From 1989 through 2015, the District's fiscal year was April 1 through March 31. On July 22, 2015, the Board of Directors adopted Resolution No. 14-000 changing the fiscal year of the District to July 1 through June 30, and extending fiscal year 2015-16 by three months to conclude June 30, 2016.

The District's certified public accountants are currently Chavan & Associates, LLP. See APPENDIX B for the District's audited financial statements for the fiscal year ending March 31, 2015. This Official Statement includes estimates by the District Controller of revenues and expenditures for the 12 months ended March 31, 2016. Audited financial statements for the 15 month period ending June 30, 2016 are expected to be available in October 2016. Due to the change in fiscal year, financial information presented in Tables A-1, A-2 and A-3 will not be comparable to financial information presented in the audited financial statements for the fiscal year ending June 30, 2016 and in the financial statements issued thereafter.

Over the last six fiscal years, property taxes comprised 90% to 95% of the District's total revenues, excluding land donations and land acquisition grants. The District's primary expenditures are for debt service, capital expenditures for land and preserve improvements, and land management and administrative expenses. The capital expenditures are made at the District's discretion and a majority of such future capital spending will be funded by the issuance of up to \$300 million of general obligation bonds, which were approved by more than two-thirds of the qualified voters of the District on June 3, 2014 ("Measure AA"). The first series of Measure AA bonds in the amount of \$45 million were issued in August 2015.

Measure AA funds may be used to fund projects that improve access to hiking and biking opportunities, protect and preserve redwood forests, natural open spaces, the scenic beauty of the region, coastline, and critical wildlife habitat, restore creeks to protect water quality, and reduce forest fire risk, and authorizes the levy of an annual tax in an amount not to exceed \$3.18 per \$100,000 of assessed value of property owned. Measure AA funds are authorized to be used only to fund the 25 key capital projects identified in the 2014 Vision Plan of the District. Expenditures of Measure AA funds are required to be verified by an independent citizen oversight committee that consists of seven at-large members who reside within the District. The Oversight Committee, which is expected to convene at least once a year, reviews the Measure AA expenditures and the Annual Audit and Accountability report of the District, and presents its findings to the Board of Directors.

Land management and administrative expenses increase subject to changing management policy and controls. Over the last six fiscal years, administrative and land management expenses were 49% to 54% of general fund property tax revenue. Over the same period, District employee salaries and benefits comprised, on average, 76% of administrative and land management expenses and 39% of General Fund property tax revenue. Operating expenses are expected to significantly increase over the next three years as the District adds resources to implement the 25 general obligation Measure AA funded projects. Projected operating expenses are expected to approach 60% of general fund tax revenues in fiscal year (ending June 30) 2016-17 and exceed 65% in fiscal year 2017-18.

Driven by the continued strong economy in Silicon Valley, District property tax revenue again increased above its long-term trend line in the 12 months ended March 31, 2016, growing by \$3.3 million, or 9.4%. General fund tax revenue also exceeded the original budget by \$2.1 million, or 5.8%. The

District received approximately 68% of its tax revenue from Santa Clara County and 32% from San Mateo County. Total general fund revenue, including property management income, interest income, and development grants, but excluding land donations and land acquisition grants, increased by \$3.1 million or 8.2%.

The District purchased \$12.6 million of land and associated structures in the 12 months ended March 31, 2016. All of this cost was funded from Measure AA bond proceeds. Total capital spending is estimated at \$17.2 million of which \$14.9 million was funded by Measure AA bond proceeds, and \$2.3 million was funded from the general fund. In addition, following the issuance of the Measure AA bonds, the District reimbursed the general fund for \$5.5 million for capital expenditures, including qualified land purchases, completed in 2014-15.

The District manages its expenditures within the annual budget. Excluding land acquisition transactions and debt service, total District spending of \$22.0 million in fiscal year 2016 was \$4.5 million, or 17.1%, below budget. As in most recent years, a large majority of the budget variance was due to delays and deferrals of capital projects; the District spent 92% of the amount it budgeted for salaries and benefits, and 79% of the amount it budgeted for services and supplies.

Under California law, the District may acquire land or facilities by borrowing money or by purchasing on contract, subject to certain limits (based on tax revenues projected for the five years following the borrowing). The law limits the annual interest rate to 12%. For purchase money financings using District promissory notes, the borrowing term may not exceed 30 years. The District has never defaulted in the payment of any of its debt or other obligations.

Financial Policies

Reserve Policy. On November 25, 2014, the Board of Directors adopted a reserve policy (the “Reserve Policy”). The stated purpose of the Reserve Policy is to: (i) provide adequate funding to meet the District’s short-term and long-term plans, (ii) provide funds for unforeseen expenditures related to emergencies, such as natural disasters, (iii) strengthen the financial stability of the District against present and future uncertainties such as economic downturns and revenue shortfalls, and (iv) maintain an investment-grade bond rating. The Reserve Policy was developed, with input from the District auditors, to meet the requirements of GASB Statement No. 54–“Fund Balance Reporting and Governmental Fund Type Definitions.”

The Reserve Policy contemplates:

- a non-spendable fund balance, which is required to be equal to the sum of the District’s non-spendable assets;
- a restricted fund balance, which includes amounts reserved for specific, externally imposed purposes;
- a committed fund balance, which includes amounts reserved for specific, internally imposed purposes;
- an assigned fund balance, which includes amounts intended for specific purposes that are neither restricted nor unassigned; and
- an unassigned balance for amounts which are not otherwise classified.

The Board of Directors most recently reviewed and updated the list of required reserves and reserve balances on June 22, 2016. The total amount reserved for committed funds was increased by \$10 million to \$30.4 million.

Any spending from the unassigned fund requires approval of the Board of Directors and reimbursed from the general fund within two years. The general fund has a minimum balance requirement of 28% of budgeted general fund tax revenue, equal to \$11.9 million for fiscal year [2016-17]. The Reserve Policy may be changed by the District at any time.

Investment Policy. The District annually adopts an investment policy (the “Investment Policy”) governing the investment of District funds. The primary goals of the Investment Policy are: *Capital Preservation* – safeguard the principal of invested funds; *Liquidity* – managing the fund so that normal operating cash needs and scheduled extraordinary cash needs of the District can be met on a same day basis; and *Income* – funds shall earn the highest rate of return that is consistent with capital preservation and liquidity goals and the California Government Code.

Pursuant the Investment Policy, investments and deposits of funds are limited to those allowed by and subject to the procedures of Government Code Section 53600 *et seq.* and 53635 *et seq.* In the event of any conflict between the terms of the Investment Policy, and the Government Code, the provisions of the Government Code prevail. The Investment Policy does not permit investments to be leveraged or investment in “derivatives” that offer opportunities for significant capital gains and losses.

The Board of Directors is required annually to designate the minimum amount of unassigned fund balance to be held in reserve in consideration of unanticipated events that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services. Any spending from the minimum general fund reserve requires the approval of the Board of Directors and is required to be reimbursed within two years.

The current Investment Policy, adopted by the Board of Directors on [August 10, 2016] is attached as APPENDIX C.

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Summary of Financial Statements

The following two tables present selected audited cash flow, balance sheet and budget information as of the fiscal years ending March 31. On July 22, 2015, the Board of Directors adopted Resolution No. 14-000 changing the fiscal year of the District to July 1 through June 30, and extending fiscal year 2015-16 by three months to conclude June 30, 2016.

Table A-1
District General Fund and Debt Service Fund Revenues,
Expenditures and Changes in Fund Balances
Fiscal Years Ending March 31 through 2015 (Audited) and March 31, 2016 (Proforma)
(\$ in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	(Proforma) <u>2015-16</u>
REVENUES:						
Property Taxes ⁽¹⁾	\$27,269	\$28,737	\$30,270	\$32,433	\$35,082	\$38,394
Development Grants	143	450	538	1,676	953	447
Interest	294	375	288	150	175	250
Other ⁽²⁾	<u>1,506</u>	<u>1,560</u>	<u>1,527</u>	<u>1,567</u>	<u>1,678</u>	<u>1,890</u>
TOTAL OPERATING REVENUES	\$29,211	\$31,121	\$32,623	\$35,826	\$37,887	\$40,981
EXPENDITURES:						
Salaries and Benefits	10,910	11,179	11,836	13,079	13,630	14,405
Services and other ⁽³⁾	<u>3,325</u>	<u>4,613</u>	<u>5,567</u>	<u>5,259</u>	<u>6,162</u>	<u>6,777</u>
SUBTOTAL	\$14,235	\$15,791	\$17,403	\$18,337	\$19,791	\$21,182
DEBT SERVICE⁽⁴⁾:						
Principal Repayment	3,301	4,457	2,843	2,999	3,145	4,361
Interest	<u>4,786</u>	<u>5,355</u>	<u>6,034</u>	<u>5,859</u>	<u>5,749</u>	<u>5,522</u>
SUBTOTAL DEBT SERVICE	\$8,087	\$9,812	\$8,877	\$8,858	\$8,894	\$9,883
SUBTOTAL EXPENDITURES	22,321	25,603	26,280	27,196	28,685	31,064
OPERATING CASH FLOW	\$6,890	\$5,518	\$6,343	\$8,630	\$9,202	\$9,917
OTHER NON-OPERATING ITEMS (NET) ⁽⁵⁾	—	—	2,520	(1,971)	—	(5,500)
STRUCTURES AND IMPROVEMENTS	1,197	1,398	2,206	3,561	2,209	0
PROPERTY ACQUISITION (NET) ⁽⁶⁾	8,579	9,066	5,820	3,410	4,717	0
EXCESS OF REVENUES OVER EXPENDITURES	(2,886)	(4,946)	(4,202)	3,630	2,276	15,417
PROCEEDS FROM NOTES PAYABLE	850	20,000	0	0	(1,620)	0
NET EXCESS	(\$2,036)	\$15,054	(\$4,202)	\$3,630	\$656	\$15,417
STARTING FUND BALANCE	<u>30,331</u>	<u>28,295</u>	<u>43,349</u>	<u>39,147</u>	<u>42,776</u>	<u>43,432</u>
ENDING FUND BALANCE	\$28,295	\$43,349	\$39,147	\$42,776	\$43,432	\$58,849

(1) Excludes taxes from Measure AA.

(2) Excludes donations of land.

(3) Excludes Structures & Improvements.

(4) Excludes Measure AA general obligation bonds.

(5) As of March 31, 2016, includes reimbursement of the Measure AA general fund for qualified Measure AA expenditures prior to issuance of the Measure AA bonds.

(6) Cost of land acquired net of associated grant and gift income.

Sources: District audited financial statements and District Controller for Proforma fiscal year 2015-16.

Table A-2
District Statement of Net Assets
(\$ in Thousands)

	March 31, <u>2011</u>	March 31, <u>2012</u>	March 31, <u>2013</u>	March 31, <u>2014</u>	March 31, <u>2015</u>
ASSETS:					
Cash and Cash Investments	\$20,332	\$36,704	\$32,536	\$32,712	\$35,562
Restricted Cash	1,408	1,568	1,634	1,619	0
Taxes and Other Receivables	7,965	8,551	9,348	10,383	10,588
Deferred Charges	1,093	1,279	1,211	1,143	1,075
Net OPEB Assets	1,514	1,334	1,097	1,004	863
Land (at Cost)	345,389	368,468	379,411	383,509	390,691
Construction in Progress	2,801	4,779	4,396	4,710	3,251
Equipment and Vehicles	2,062	2,160	2,239	2,490	2,647
Structures and Improvements	6,356	7,186	7,397	7,202	7,188
Infrastructure	<u>2,958</u>	<u>3,339</u>	<u>5,145</u>	<u>7,012</u>	<u>7,700</u>
TOTAL ASSETS	\$391,829	\$435,285	\$444,409	\$451,784	\$459,564
LIABILITIES:					
Account Payable	\$763	\$736	\$811	\$744	\$1,624
Accrued	815	3,056	3,883	2,696	1,338
Liabilities/Deposits					
Compensated Absences:					
Due in One Year	23	119	221	0	0
Due in more than One Year	1,112	1,136	1,255	0	0
Notes Payable:					
Due within One Year	4,832	3,346	3,293	3,309	4,350
Due in more than One Year	<u>118,188</u>	<u>137,193</u>	<u>135,659</u>	<u>133,888</u>	<u>131,127</u>
TOTAL LIABILITIES	\$125,733	\$145,585	\$145,121	\$140,637	\$138,439
NET ASSETS:					
Invested in capital assets, net	\$236,546	\$245,393	\$259,638	\$268,869	\$278,611
Restricted	1,408	1,568	2,731	4,327	2,566
Unrestricted	<u>28,142</u>	<u>42,738</u>	<u>36,919</u>	<u>37,951</u>	<u>39,948</u>
TOTAL NET ASSETS	\$266,096	\$289,699	\$299,288	\$311,147	\$321,125

Source: District audited financial statements.

See APPENDIX B for the District's audited financial statements for the fiscal year ended March 31, 2015. The District has not requested, and the auditor has not provided, any update or review of such statements in connection with their presentation in this Official Statement. The audited financial statements for the 15 months ended June 30, 2016 are expected to become available in October 2016.

Long-Term Debt of the District

Set forth below is a table presenting the long-term obligations payable by the District (each, a “Long-Term Obligation”), outstanding at March 31, 2016.

Table A-3
District Outstanding Debt
(\$ in Thousands)

<u>Obligation</u>	<u>Original Amount</u>	<u>Obligation Outstanding 3/31/2016</u>	<u>2016-17 Debt Service</u>	<u>Final Payment</u>
PAYABLE FROM THE GENERAL FUND				
<i>Senior Obligations:</i>				
2007 Notes, Series A ⁽¹⁾	\$52,415	\$47,300	\$5,510	September 2027
2011 Authority Bonds ⁽¹⁾	20,500	20,290	1,196	September 2041
2012 Refunding Notes ⁽²⁾	31,265	34,294	1,033	September 2041
2015 Refunding Notes	<u>23,630</u>	<u>23,225</u>	<u>1,786</u>	September 2034
Subtotal Senior Obligations	<u>\$127,810</u>	<u>\$125,109</u>	<u>9,525</u>	
<i>Subordinate Obligations:</i>				
Sierra Azul	<u>240</u>	<u>41</u>	<u>25</u>	October 2017
Bear Creek	<u>1,500</u>	<u>1,500</u>	<u>75</u>	April 2023
Subtotal Subordinate Obligations	<u>1,740</u>	<u>1,541</u>	<u>100</u>	
SUBTOTAL GENERAL FUND	\$129,550	\$126,650	\$9,625	
PAYABLE FROM MEASURE AA				
2015 General Obligation Bonds	<u>45,000</u>	<u>45,000</u>	<u>2,601</u>	September 2045
SUBTOTAL MEASURE AA	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$2,601</u>	
TOTAL	\$174,550	\$171,650	\$12,226	

(1) To be refunded or prepaid, as applicable. See “PLAN OF REFUNDING.”

(2) Outstanding balance for 2012 Refunding Notes includes accreted interest of \$3,989,444 as of March 31, 2016.

Source: District Controller.

Promissory Notes

Daloia Land Purchase Contract Promissory Note (Sierra Azul). During the fiscal year ending 2003 the District entered into a land purchase contract promissory note in the amount of \$240,000. The promissory note bears interest at a fixed rate of 6.25% and matures October 10, 2017. At March 31, 2016, the outstanding balance of the Daloia Land Contract note was \$41,414.

Hunt Living Trust Promissory Note (Bear Creek). On April 1, 2003, the District entered into a \$1,500,000 promissory note with the Hunt Living Trust as part of a lease and management agreement. The note is due in full on April 1, 2023 and bears interest at 5.5% semi-annually through April 1, 2013 and 5.0% per annum until the maturity, or prior redemption, of the note. At March 31, 2016, the outstanding balance on the note was \$1,500,000.

2012 Refunding Promissory Notes. On January 19, 2012, the District advance refunded \$34,652,643 in 1999 Lease Revenue Bonds by issuing \$31,264,707 in promissory notes. The 2012 notes bear interest rates ranging from 2.00% to 6.04%. The notes are a blend of current interest and capital appreciation notes maturing through 2042. The net proceeds of \$33,295,663 (after payment of \$278,683 in underwriting fees, insurance, and other issuance costs and a premium of \$2,309,638) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 Series bonds. As a result, the 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt in the financial statements. At March 31, 2016, the outstanding balance of the notes, including accreted interest of \$3,989,444, was \$34,294,151.

2015 Refunding Promissory Notes (2004 Project Lease). On January 22, 2015, the District currently refunded \$31,900,009.95 of the Authority's 2004 Revenue Bonds by issuing \$23,630,000 in promissory notes. The 2015 notes bear interest rates ranging from 2.00% to 5.00%. The final maturity of the notes is September 1, 2034. The net proceeds of \$30,904,975.22 (after payment of \$253,008.62 in underwriting fees, and other issuance costs and a premium of \$4,948,499.70) together with \$2,326,475.22 of funds related to the 2004 Revenue Bonds, were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to redeem the 2004 Revenue Bonds in full on March 1, 2015. At March 31, 2016, the outstanding balance of the notes was \$23,225,000.

Revenue Bonds

2007 Series A Revenue Refunding Bonds and Series B-T Taxable Revenue Refunding Bonds. On December 15, 2006 the District issued six series of promissory notes (2007 District Notes) for the purpose of refunding its 1996 Project Lease, 1996 Promissory Notes, 1999 Project Lease, and 1999 Promissory Notes. On December 15, 2006 the Authority, on behalf of the District, issued \$52,415,000 of 2007 Series A Revenue Refunding Bonds (the "2007 Authority Bonds") and \$6,785,000 of 2007 Series B-T Taxable Revenue Refunding Bonds (the "2007 Authority Taxable Bonds") for the purpose of defeasing the aggregate purchase price of the 2007 District Notes. The 2007 Authority Bonds bear interest from 4.0% to 5.0% and Series B-T bonds bear interest at 5.15%. Interest for both the 2007 Authority Bonds and the 2007 Authority Taxable Bonds are due semiannually on March 1 and September 1. Principal payments for the 2007 Authority Bonds began September, 2012 and are due annually, thereafter. Principal payments for the 2007 Authority Taxable Bonds are due annually on September 1. As of March 31, 2016, the outstanding balance of the 2007 Authority Bonds is \$47,300,000. . The 2007 Bonds will be refunded with a portion of the proceeds of the 2016 Green Bonds. See "PLAN OF REFUNDING" in the forepart of this Official Statement.

There is no remaining balance on the 2007 authority Taxable Bonds.

2011 Authority Bonds. On May 19, 2011, the Authority, on behalf of the District, issued \$20,500,000 of 2011 Revenue Bonds (the "2011 Authority Bonds") for the purpose of acquiring land to preserve and use as open space and pay bond issue and related costs. The 2011 Authority Bonds are not general obligation bonds. Each year, the District appropriates revenues—mainly limited property tax collections that Santa Clara County and San Mateo County allocated to the District—to pay its obligations under a Lease Agreement for use and occupancy of District land in addition to other District debt and lease obligations unrelated to this financing. The 2011 Authority Bonds bear interest at 2.0% to 6.0% and are due semi-annually on March 1 and September 1. Principal payments on the 2011 Authority Bonds are due annually September 1. At March 31, 2016, the outstanding balance of these bonds was \$20,290,000. A portion of the 2011 Authority Bonds will be prepaid from a portion of the proceeds of the 2016 Green Bonds. See "PLAN OF REFUNDING" in the forepart of this Official Statement.

Dissolution of Redevelopment Agencies

The California Legislature adopted a bill, “ABX1 26,” during the fiscal year (June 30) 2011-12 State budget process that purported to amend the California Community Redevelopment Law to dissolve redevelopment agencies on a State-wide basis. On December 29, 2011, the California Supreme Court upheld ABX1 26 in the face of an expedited legal challenge. As a result, all California redevelopment agencies, including redevelopment agencies of cities located within the District, were dissolved as of February 1, 2012, and such redevelopment agencies were to cease operations and dismantle, and to transfer assets and responsibilities to a successor entity as of the same date.

According to additional “trailer bill” legislation (AB 1484) effective on July 1, 2012, which further amended the Community Redevelopment Law, each County Auditor-Controller, the State Department of Finance and the State Controller may require the return of funds improperly spent or transferred to a public entity in conflict with the provisions of ABx1 26 and AB 1484 (together, the “Dissolution Law”) and, if funds are not returned within 60 days, the funds may be recovered through an offset of sales and use tax or property tax allocations to the local agency.

As a consequence of the operation of the Dissolution Law, the District, as well as counties, school districts and other special districts, may receive higher amounts of *ad valorem* property tax allocations, due to future receipt of property tax increment amounts that had previously funded redevelopment agencies. However, such tax increment amounts may currently be pledged to secure redevelopment agency bonds or otherwise contractually encumbered, and the District cannot predict when its property tax receipts might increase or by how much.

District Organization and Employee Relations

As of March 31, 2016, the District had 129.75 permanent full-time equivalent budgeted employees who received benefits. Certain field employees are represented through a Memorandum of Understanding by and between the District and the Midpeninsula Regional Open Space District (“MROSD”) Field Employee Association.

<u>Labor Organization</u>	<u>Represented Employees</u>	<u>Contract Expiration</u>
MROSD Employees Field Association	46	June 30, 2018

Employee Retirement Systems

All permanent District employees are eligible to participate in the pension plan offered by the California Public Employees’ Retirement System (“CalPERS”), an agent multiple employer defined benefit plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefit provisions are established by State statute and District resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS; the District must contribute these amounts.

CalPERS requires that any public agency with fewer than 100 active members, such as the District, participate in a mandatory risk pool. The risk pools combine the assets and liabilities across employers to produce large risk sharing pools. These risk sharing pools dramatically reduce or eliminate large fluctuations in an employer’s retirement contribution rate caused by unexpected demographic events. The District is participant in the CalPERS miscellaneous plan risk pool.

The plan's provisions and benefits in effect at March 31, 2016 are summarized below. As of January 1, 2013, the District adopted the State PEPRA Plan for employees new to the CalPERS system. See "*Pension Reform Act of 2013 (Assembly Bill 340)*." The table shows the provision/benefit for both Classic (pre-existing CalPERS members) and PEPRA (new to CalPERS) employees.

Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	55 Classic, 62 PEPRA
Monthly benefits, as a % of annual salary	2.5% Classic, 2.0% PEPRA
Required employees contribution rate	8.0% Classic, 6.25% PEPRA
Required employer contribution rate	9.671%
Employer lump sum annual payment	\$453,846

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the District's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the District must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The District does not have a net pension obligation since it pays these actuarially required contributions bi-weekly.

CalPERS uses the market related value method of valuing the plan's assets. Until November 2015, an investment rate of return of 7.50% was assumed. In November 2015, CalPERS announced a new de-risking policy, under which it will shift its asset allocation to less volatile investments and gradually reduce the assumed rate of return to 6.5% over 20 years. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over 20 years. Investment gains and losses are accumulated as they are realized and 10% of the net balance is amortized annually.

The required contributions representing annual pension cost, for the year ended March 31 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
3/31/2016	\$1,358,520	100%
3/31/2015	1,343,244	100
3/31/2014	1,461,069	100

The history below shows the actuarial accrued liability, the District's share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio and the annual covered payroll.

<u>Valuation Date</u>	<u>Accrued Liability (AL)</u>	<u>Share of Pool's Market of Value of Assets (MVA)</u>	<u>District's Share of Pool's Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>
06/30/2011	\$34,618,095	\$24,536,806	\$10,081,289	70.9%	\$7,848,758
06/30/2012	37,786,746	25,367,343	12,419,403	67.1	7,829,173
06/30/2013	41,366,083	31,517,880	9,848,203	76.2	8,320,777
06/30/2014	47,538,562	38,636,138	8,902,424	81.3	8,398,938

Source: CalPERS.

In June 2016, the District made a \$3 million prepayment to CalPERS, to be applied to reduce its unfunded pension liability.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, the Governor of the State signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and that also amended various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. AB 340 (i) increased the retirement age for new State, school, and city and local agency employees depending on job function, (ii) capped the annual CALPERS pension benefit payout, (iii) addressed numerous abuses of the system, and (iv) required State, school, and certain city and local agency employees to pay at least half of the costs of their CalPERS pension benefits. PEPRA applies to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with CalPERS.)

The provisions of AB 340 became effective on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the District, have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of CalPERS pension benefits, up to 8% of pay for civil workers and 11% or 12% for public safety workers.

CALPERS predicts that the impact of AB 340 on employers, including the District, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, CalPERS notes that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about AB 340 can be accessed through CalPERS's website at www.calpers.ca.gov. The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current and has not been reviewed by the District and is not incorporated herein by reference.

The District is unable to predict what the amount of CalPERS liabilities will be in the future or the amount of the CalPERS contributions which the District may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its Labor Organizations.

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Other Post-Employment Retirement Benefits

The District joined the California Employers' Retiree Benefit Trust ("CERBT"), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single- employer plans. The District Board authorized a deposit of \$1,900,000 in CERBT on June 5, 2008, to begin funding its other post-employment benefits ("OPEB") liability.

By Board resolution and through agreements with its labor unit, the District provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans. A summary of eligibility and retiree contribution requirements are shown below:

Eligibility	Service or disability retirement from the District Age 50 and 5 years of CalPERS service Continue participated in Public Employees Medical and Hospital Care Act (PEMHCA)
Retiree Medical Benefit	District pays retiree premiums up to: \$350 per month effective 1/1/2009 Must be at least equal to statutory Public Employees' Medical and Hospital Care Act (PEMHCA) minimum (\$122 in 2015, \$125 in 2016)
PEMHCA Administrative Fee	District pays CalPERS administrative fees (0.32% of premiums for 2015-16)
Surviving Spouse Continuation	Retiree benefit continues to surviving spouse if retiree elects survivor annuity under CalPERS retirement plan
Other OPEB	None

As of June 30, 2016, there were approximately 36 active employees, 17 retirees, and seven dependents, who are eligible to receive retirement health care benefits.

Funding Policy. In accordance with the District's budget, the Annual Required Contribution ("ARC") is to be funded throughout the year as a percentage of payroll. Concurrent with implementing GASB Statement No. 45, the District's Board of Directors passed a resolution to participate in CERBT, an irrevocable trust established to fund OPEB. CERBT is managed by an appointed board not under the control of the District. CERBT is not considered a component unit by the District. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, California 94229-2709.

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Annual OPEB Cost and Net OPEB Assets. The District's annual OPEB cost (expense) is calculated based on the 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 liability ("UAAL") (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation at March 31, 2016:

Annual Required Contribution	\$303,000
Interest on net OPEB asset	(79,000)
Adjustment to Annual Required Contribution	<u>74,000</u>
Annual OPEB cost (expense)	387,000
Contributions made (benefit payments)	<u>(108,500)</u>
Decrease/(Increase) in net OPEB asset	278,500
Net OPEB asset—beginning of year	863,176
Net OPEB asset—end of year	\$584,676

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years are as follows:

<u>Fiscal Year Ended</u> <u>March 31</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net</u> <u>OPEB Asset</u>
2016	\$387,000	28%	\$584,676
2015	298,000	53	863,176
2014	265,000	65	1,003,925

Sources: Midpeninsula Regional Open Space District Annual Financial Report for the year ended March 31, 2015 and District Controller.

The District made its budgeted fiscal year 2015-16 OPEB contribution of \$150,000 in June 2016.

Funded Status and Funding Progress. Based upon the most recent actuarial valuation for June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liability ("AAL") for future OPEB cash benefits was \$3,035,000. The 2015 actuarial value of plan assets was \$2,520,000. UAAL, on a cash basis, was calculated at \$515,000. The estimated annual covered payroll was \$9,182,000, resulting in a cash basis UAAL as a percent of payroll of 5.6%. The District has budgeted a \$250,000 OPEB contribution for fiscal year 2016-17 and, in addition, will continue to fund all benefit payments from the general fund.

Actuarial Methods and Assumptions. The ARC was determined as part of a June 30, 2015 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included: (i) 7.25% investment rate of return, (ii) 3.25% projected annual salary increase, and (iii) health inflation increases of 4.5% per year. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year open amortization period.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Prior to July 1, 2002, the District managed and financed these risks by purchasing commercial insurance. On July 1, 2002, the District joined the California Joint Powers Insurance Authority (CAL JPIA). CAL JPIA is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of CAL JPIA is to arrange and administer programs for the pooling of self-insurance losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The CAL JPIA pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

The District is a pool member of the following insurance programs:

General and Automobile Liability. General Liability coverage includes bodily injury, personal injury, or property damage to a third party resulting from a member activity, including automobile liability. Members provide pool funding through annual contributions and retrospective deposits. Annual contributions for both the Liability and Workers' Compensation programs are posted each April; each member's share of cost is determined by their exposure (payroll) and loss experience (claims) relative to other members. Retrospective adjustments, calculated each October, are based on the ongoing claim development of past coverage periods, and can result in either an additional deposit or a refund.

Costs are spread to members as follows: the first \$30,000 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs in excess of \$750,000 are shared by the members based upon each member's payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence, and \$50,000,000 annual aggregate.

Worker's Compensation. Workers' Compensation ("WC") coverage includes benefits to employees who are injured or become ill as a result of their work activities. WC losses are pooled by Cal JPIA members to \$2,000,000; coverage above \$2,000,000 is purchased with statutory limits. The District is charged for the first \$50,000 of each claim. Costs from \$50,000 to \$100,000 per claim are pooled based on the member's losses under its retention level. Costs between \$100,000 and \$2,000,000 per claim are pooled based on payroll.

The WC program also includes Employers' Liability of \$10,000,000 per occurrence. Employers' Liability costs from \$2,000,000 to \$5,000,000 are paid by excess insurance purchased by Cal JPIA.

Pollution and Remediation Legal Liability. This policy provides coverage for both first and third party damages, including certain types of cleanups; fuel spill or hazmat incident; member listed non-owned disposal sites; above ground and underground storage tanks; and for sudden and gradual pollution at or from property, streets, sanitary sewer trunk lines and storm drain outfalls owned by the District. Coverage is on a claims-made basis. There is a \$50,000 deductible. During the three-year policy period, Cal JPIA has a limit of \$50,000,000 and each pool member has a \$10,000,000 aggregate limit. The current term is July 1, 2014 through July 1, 2017.

Property Insurance. The property insurance program includes all-risk coverage for real and personal property (such as, scheduled buildings, contents, equipment, vehicles, office furniture, etc.). The insurance is underwritten by several insurance companies. The all-risk deductibles are \$5,000 per occurrence for property and \$1,000 for non-emergency vehicles. Premiums are paid annually and are not subject to retroactive adjustments.

Mechanical Breakdown Insurance. This optional coverage is purchased separately under the property program. Coverage is for physical damage for sudden and accidental breakdown of boilers and machinery, and electrical injury. There is a \$5,000 per accident or occurrence deductible for property damage; and \$5,000 extra expense.

Crime Insurance. Coverage is provided for employee dishonesty, failure to faithfully perform duties, forgery, counterfeiting, theft, robbery, burglary and computer fraud. Cal JPIA contracts with Alliant Insurance Services for administering this program. District's coverage limit is \$1,000,000 with a \$2,500 per occurrence deductible. Premiums are paid annually and are not subject to retroactive adjustments.

Cyber Liability Program. The cyber liability program is partially covered under the liability program and partially through a stand-alone coverage program. Cyber liability provides coverage for both first- and third-party claims. First-party coverage includes privacy regulatory claims, security breach response, business income loss, dependent business income loss, digital asset restoration costs, and cyber-extortion threats, while third-party coverage includes privacy liability, network security liability, and multimedia liability. Members work directly with the reinsurer to investigate and respond to claims. There is a \$1,000,000 per occurrence limit of coverage, \$1,000,000 aggregate limit per policy period per member, and is \$10,000,000 aggregate limit of coverage for all members per policy period.

Special Event Insurance. This program provides liability insurance when member- owned premises are used for special events or short-term activities (e.g., art festivals, yoga classes, job fairs, etc.). Members administer the program, accept funds, and issue certificates of insurance online with Alliant Insurance Services, with whom the Cal JPIA contracts for the program. There is no deductible, and the member is added as an additional insured. Liability limits are purchased in \$1,000,000 per occurrence increments. Medical payments are also available with limits of \$5,000, with the option to purchase \$5,000 in additional limits.

Vendors/Contractors Insurance. General Liability coverage is provided to vendors/contractors who otherwise could not meet the District's minimum insurance requirements for General Liability, or General Liability and Professional Liability combined. Cal JPIA contracts with Alliant Insurance Services for administering this program. The contract is classified according to a hazard class, and the premium is based on the contract value. The member collects the premium from the vendor/contractor and then remits the premium payment to Alliant Insurance Services.

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SANTA CLARA AND SAN MATEO COUNTIES

Following is economic and demographic information for Santa Clara and San Mateo Counties. While three District parcels are located in Santa Cruz County, these parcels represent an insignificant amount of assessed valuation, so economic and demographic information regarding Santa Cruz County is not included herein.

General

Santa Clara and San Mateo Counties are two of nine counties in the San Francisco- Oakland Bay Area.

Santa Clara County. Santa Clara County covers an area of over 1,300 square miles and is located south of the San Francisco Bay in northern California. There are two distinct valleys in Santa Clara County, which are referred to as North County and South County. South County has more of an agricultural base and is comprised of only two cities, twenty miles apart from each other. As a contrast, North County is densely populated, heavily industrialized and extensively urbanized. This part of Santa Clara County is comprised of 13 cities, each adjacent to another. Due to its high concentration of high-technology industries, the northwestern portion of North County is commonly referred to as “Silicon Valley.” Several small lakes and reservoirs are scattered across the County and the highest peak can be found in San José at Mount Hamilton with an elevation of 4,213 feet. Several major highways serve Santa Clara County, including Highway 101 providing access to San Francisco and Los Angeles.

San Mateo County. San Mateo County shares its borders with the City and County of San Francisco to the north and Santa Clara County to the south, the Pacific Ocean to the west and San Francisco Bay to the east, Santa Clara County to the south and San Joaquin County to the east. San Mateo County is a major employment base, accessible to downtown San Francisco approximately 15 miles north, and is also accessible to the San Jose and Silicon Valley areas approximately 30 miles south via Interstate 280 or U.S. Highway 101. San Mateo County has an approximate total area of 741 square miles, of which 448 square miles is land and 293 square miles is water. It is the third-smallest county in California by land area.

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Population

The tables below shows population estimates and projections for the past five years for Santa Clara and San Mateo Counties, according to the State Department of Finance.

Table A-4A
SANTA CLARA COUNTY AND SAN MATEO COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2012 through 2016 as of January 1

<u>Calendar Year</u>	<u>Santa Clara County</u>	<u>San Mateo County</u>	<u>State of California</u>
2012	1,828,496	735,256	37,881,357
2013	1,856,194	745,626	38,239,207
2014	1,879,813	752,145	38,567,459
2015	1,903,974	759,155	38,907,642
2016	1,927,888	766,041	39,255,883

Source: State Department of Finance, Table 2: E-4 Population Estimates for Cities, Counties, and State, 2011-2016 with 2010 Benchmark.

Table A-4B
SANTA CLARA COUNTY AND SAN MATEO COUNTY AND STATE OF CALIFORNIA
Population Projections by Age
Calendar Years 2012 through 2016 as of January 1

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Santa Clara County					
Under 19	2,303,464	2,330,749	2,352,813	2,372,890	2,390,802
20-39	516,193	517,865	518,872	517,843	516,028
40-59	523,435	530,998	537,126	542,332	546,132
60 and over	307,606	321,578	334,221	347,783	361,566
San Mateo County					
Under 19	914,509	920,971	926,820	932,451	937,430
20-39	189,020	188,384	188,111	187,790	187,441
40-59	217,796	218,514	218,974	218,958	218,672
60 and over	150,027	155,845	160,763	166,303	171,663
State of California					
Under 19	48,199,753	48,439,756	48,759,031	49,092,330	49,437,081
20-39	10,780,155	10,871,695	10,965,838	11,037,987	11,111,228
40-59	10,241,260	10,272,246	10,299,721	10,323,082	10,331,433
60 and over	6,582,388	6,820,715	7,071,818	7,340,539	7,605,654

Source: State Department of Finance, Table P-2: State and County Population Projections by Race/Ethnicity and Age, 2011-2016 with 2010 Benchmark.

Employment and Industry

Santa Clara County. Santa Clara County is part of the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (“MSA”), which is comprised of Santa Clara and San Benito Counties. The unemployment rate (not seasonally adjusted) in the San Jose-Sunnyvale-Santa Clara MSA was ___% in July 2016 (preliminary), compared to an unadjusted rate of ___% for July 2015. This compares with unadjusted unemployment rates for July 2016 of ___% for the State and ___% for the nation.

The table below lists employment by industry group for the years 2011 through 2015.

Table A-5
SAN JOSE SUNNYVALE SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Average Civilian Labor Force, Employment and Unemployment,
Unemployment by Industry
(March 2015 Benchmark)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Civil Labor Force ⁽¹⁾	968,100	988,500	1,003,200	1,025,100	1,048,200
Employment	876,600	908,300	937,000	971,100	1,003,600
Unemployment	91,500	79,200	66,200	53,900	44,600
Unemployment Rate	9.5%	8.0%	6.6%	5.3%	4.3%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	5,000	4,900	5,000	5,300	5,400
Mining and Logging	200	200	300	300	200
Construction	31,800	34,800	37,500	39,700	43,200
Manufacturing	155,300	155,900	155,700	158,700	161,600
Wholesale Trade	34,000	35,000	36,300	36,500	36,400
Retail Trade	81,800	84,100	84,900	86,400	87,500
Transportation, Warehousing, Utilities	12,100	13,000	14,200	14,900	15,500
Information	51,300	54,200	58,700	66,300	74,800
Finance and Insurance	19,400	20,400	20,900	21,300	22,000
Real Estate and Rental and Leasing	13,000	12,900	13,000	13,300	13,400
Professional and Business Services	166,700	178,200	191,200	203,000	216,000
Educational and Health Services	129,700	136,800	143,800	150,000	156,700
Leisure and Hospitality	77,400	82,500	87,500	91,900	95,700
Other Services	24,600	24,800	25,400	26,400	27,100
Federal Government	10,100	9,800	9,900	9,900	9,900
State Government	6,400	6,400	6,300	6,400	6,600
Local Government	<u>76,1000</u>	<u>75,200</u>	<u>75,600</u>	<u>77,100</u>	<u>76,200</u>
TOTAL ALL INDUSTRIES ⁽³⁾	894,700	928,900	965,800	1,007,000	1,048,200

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department, Labor Market Division.

San Mateo County. San Mateo County is included in the San Francisco-Redwood City-South San Francisco Metropolitan Division (“MD”), which is comprised of San Francisco and San Mateo Counties. The unemployment rate (not seasonally adjusted) in the San Francisco-Redwood City-South San Francisco MD was ____% in July 2016, compared to an unaudited rate of ____% in July 2015. This compares with unadjusted unemployment rates for July 2016 of ____% for the State and ____% for the nation.

The table below lists employment by industry group for the calendar years 2011 through 2015.

Table A-6
SAN FRANCISCO REDWOOD CITY SOUTH SAN FRANCISCO MD
(San Francisco and San Mateo Counties)
Annual Average Civilian Labor Force, Employment and Unemployment,
Unemployment by Industry
(March 2015 Benchmark)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Civil Labor Force ⁽¹⁾	894,600	922,900	936,700	961,100	990,000
Employment	824,700	861,900	886,400	919,900	955,000
Unemployment	69,900	61,000	50,300	41,200	34,900
Unemployment Rate	7.8%	6.6%	5.4%	4.3%	3.5%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	1,800	1,700	1,800	1,900	1,900
Mining and Logging	100	0	100	100	100
Construction	28,400	30,300	32,600	36,100	41,500
Manufacturing	34,400	34,000	34,700	35,600	35,700
Wholesale Trade	22,300	23,500	24,700	25,600	27,100
Retail Trade	73,700	75,700	77,500	79,600	81,500
Transportation, Warehousing, Utilities	34,900	36,500	38,700	39,700	40,600
Information	40,600	46,400	49,600	54,600	59,800
Finance and Insurance	49,100	49,500	50,300	51,300	53,100
Real Estate and Rental and Leasing	17,200	18,300	19,300	19,600	20,400
Professional and Business Services	195,800	214,200	228,000	243,900	261,100
Educational and Health Services	116,800	120,000	123,400	126,000	129,900
Leisure and Hospitality	115,000	121,500	125,700	131,100	135,800
Other Services	34,100	35,800	37,600	39,600	40,100
Federal Government	18,300	17,900	17,600	17,500	17,700
State Government	33,700	33,200	32,900	33,000	34,100
Local Government	68,300	68,400	68,400	70,200	72,600
TOTAL ALL INDUSTRIES ⁽³⁾	884,400	926,700	962,700	1,005,300	1,053,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department, Labor Market Division.

The following tables list the largest manufacturing and non-manufacturing employers within Santa Clara County and San Mateo County as of March 2016, in alphabetical order.

Table A-7
COUNTY OF SANTA CLARA
Largest Employers
As of March 2016

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Adobe Systems Inc.	San Jose	Publishers-Computer Software (Mfrs)
Advanced Micro Devices Inc.	Sunnyvale	Semiconductor Devices (Mfrs)
Apple Inc.	Cupertino	Computers-Electronic-Manufacturers
Applied Materials Inc.	Santa Clara	Semiconductor Manufacturing Equipment (Mfrs)
Bon Appetit-Cafe Adobe	San Jose	Restaurant Management
California's Great America	Santa Clara	Amusement & Theme Parks
Christopher Ranch LLC	Gilroy	Garlic (Mfrs)
Cisco Systems Inc.	San Jose	Computer Peripherals (Mfrs)
E Bay Inc.	San Jose	Auctioneers
Flextronics International	Milpitas	Semiconductor Devices (Mfrs)
HP Inc.	Palo Alto	Computers-Electronic-Manufacturers
Intel Corp.	Santa Clara	Semiconductor Devices (Mfrs)
Kaiser Permanente Medical Ctr Sn	San Jose	Hospitals
Kaiser Permanente Medical Ctr	San Jose	Hospitals
Liberty Tax Svc.	San Jose	Tax Return Preparation and Filing
Lockheed Martin Space Systems	Sunnyvale	Satellite Equipment & Systems-Mfrs
Microsoft Corp.	Mountain View	Computer Software-Manufacturers
NASA	Mountain View	Federal Offices-US
Net App Inc.	Sunnyvale	Computer Storage Devices (Mfrs)
Philips Lumileds Lighting Co	San Jose	Lighting Fixtures-Supplies & Parts-Mfrs
Santa Clara Valley Medical Ctr	San Jose	Hospitals
SAP Center	San Jose	Stadiums Arenas & Athletic Fields
Stanford School of Medicine	Stanford	Schools-Medical
Texas Instruments Inc.	Santa Clara	Semiconductor Devices (Mfrs)
VA Medical Ctr-Palo Alto	Palo Alto	Hospitals

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2016 2nd Edition.

Table A-8
COUNTY OF SAN MATEO
Major Employers
As of March 2016
(Listed Alphabetically)

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
A R Dental Care	Daly City	Dentists
Electronic Charging Station	Menlo Park	Research Device
Electronic Arts Inc.	Redwood City	Game Designers (Mfrs)
Facebook Inc.	Menlo Park	Social Media
Forced Dump Debris Box Svc	Burlingame	Garbage Collection
Franklin Resources Inc.	San Mateo	Asset Management
Franklin Templeton Investments	San Mateo	Investments
Genentech Inc.	South San Francisco	Pharmaceutical Products-Wholesale
Gilead Sciences Inc.	Foster City	Biological Products (Mfrs)
Guckenheimer Inc.	Foster City	Marketing Programs & Services
Hyatt Regency-San Francisco	Burlingame	Hotels and Motels
Kaiser Permanente Medical Ctr	Redwood City	Hospitals
Kaiser Permanente South Sn	South San Francisco	Hospitals
Lpch	Menlo Park	Health Care Facilities
Motif Inc.	San Mateo	Business Services NEC
Oracle Corp.	Redwood City	Computer Software-Manufacturers
San Francisco Intl Airport-SFO	San Francisco	Airports
San Mateo County Behavior	San Mateo	Government Offices-County
San Mateo Medical Ctr	San Mateo	Hospitals
Sciex LLC	Redwood City	Scientific Apparatus and Instruments-Mfrs
SRI International Inc.	Menlo Park	Research Service
US Interior Dept.	Menlo Park	Government-Offices US
Visa Inc.	Foster City	Credit Card and Other Credit Plans
Visa International Svc Assn	Foster City	Associations
Visa USA Inc.	Foster City	Credit Card and Other Credit Plans

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2016 2nd Edition.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic account statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

The table below summarizes the total personal income and the per capital personal income for the County of Santa Clara, the County of San Mateo, the State and the United States from 2010 through 2014 (the most recent year for which county data is available).

Table A-9
COUNTY OF SANTA CLARA AND COUNTY OF SAN MATEO,
STATE OF CALIFORNIA AND UNITED STATES
Personal Income (Not Adjusted for Inflation)
For Calendar Years 2010 Through 2014

<u>Year and Area</u>	<u>Personal Income (millions of dollars)</u>	<u>Per Capita Personal Income (dollars)</u>
2014		
Santa Clara County	\$141,874	\$74,883
San Mateo County	68,015	89,659
State	1,939,528	49,985
United States	14,683,147	46,049
2013		
Santa Clara County	133,655	71,431
San Mateo County	64,282	85,653
State	1,849,505	48,125
United States	14,064,468	44,438
2012		
Santa Clara County	131,951	71,670
San Mateo County	63,951	85,798
State	1,812,315	47,614
United States	13,904,485	44,266
2011		
Santa Clara County	117,086	64,542
San Mateo County	106,402	76,897
State	1,691,003	44,852
United States	13,233,436	42,453
2010		
Santa Clara County	106,402	59,545
San Mateo County	51,264	71,204
State	1,578,553	42,411
United States	12,459,613	40,277

† County data not yet available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, November 19, 2015.

Construction Activity

The following tables provide a summary of residential building permit valuations and nonresidential building permit valuations, and the total number of all building permit valuations in Santa Clara County and San Mateo County during the past five years.

Table A-10
COUNTY OF SANTA CLARA
Building Permit Valuation - For Calendar Years 2011 through 2014
(Dollars in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
New Single-Family	\$366,126.4	\$678,168.8	\$694,884.6	\$594,472.7	\$653,970.2
New Multi-Family	315,853.0	558,544.1	941,420.4	1,196,127.7	706,781.1
Res. Alterations/Additions	<u>392,229.1</u>	<u>288,105.1</u>	<u>423,739.6</u>	<u>439,747.1</u>	<u>505,844.7</u>
TOTAL RESIDENTIAL	1,074,208.5	1,524,818.0	2,060,044.6	2,230,347.5	1,866,595.9
New Commercial	228,074.5	745,468.8	1,217,647.4	898,270.7	1,428,420.1
New Industrial	68,701.3	22,481.5	72,222.0	10,172.2	100,301.2
New Other	47,728.5	19,197.3	1,749,161.2	1,534,213.1	1,697,046.2
Com Alterations/Additions	<u>1,122,235.2</u>	<u>1,115,633.3</u>	<u>1,293,656.1</u>	<u>212,756.4</u>	<u>364,033.1</u>
TOTAL NONRESIDENTIAL	1,466,739.5	1,902,780.9	4,332,686.7	2,655,412.5	3,589,800.5
<u>New Dwelling Units</u>					
Single Family	978	1,432	1,859	1,602	1,710
Multiple Family	<u>2,234</u>	<u>4,245</u>	<u>6,009</u>	<u>8,310</u>	<u>3,906</u>
TOTAL	3,212	5,677	7,868	9,912	5,616

Source: Construction Industry Research Board, Building Permit Summary.

Table A-11
COUNTY OF SAN MATEO
Building Permit Valuation - For Calendar Years 2011 through 2015
(Valuation in Thousands of Dollars)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
New Single-Family	\$194,950.1	\$245,163.9	\$292,893.4	\$289,903.2	\$374,275.5
New Multi-Family	107,040.0	171,390.4	151,019.5	168,859.4	259,181.0
Res. Alterations/Additions	<u>289,619.5</u>	<u>201,543.1</u>	<u>299,830.5</u>	<u>348,231.1</u>	<u>408,011.2</u>
TOTAL RESIDENTIAL	591,609.6	618,097.4	743,743.4	2,230,347.5	1,041,467.7
New Commercial	28,247.6	83,374.0	165,578.7	432,585.4	427,063.6
New Industrial	3,359.4	2,021.6	15,724.2	9,600.0	0
New Other	26,029.4	1,975.6	58,726.5	490,364.5	489,389.7
Com Alterations/Additions	<u>244,089.0</u>	<u>167,438.8</u>	<u>263,460.8</u>	<u>84,241.0</u>	<u>94,031.8</u>
TOTAL NONRESIDENTIAL	301,725.4	254,810.0	503,490.2	1,016,790.7	228,961.0
<u>New Dwelling Units</u>					
Single Family	213	264	350	315	521
Multiple Family	<u>545</u>	<u>671</u>	<u>840</u>	<u>1,302</u>	<u>1,386</u>
TOTAL	758	935	1,190	1,617	1,907

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

The following tables show historic taxable sales within Santa Clara County and San Mateo County for calendar years 2010 through 2014 the most recent data available.

Table A-12
COUNTY OF SANTA CLARA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)
Calendar Years 2010 through 2014[†]

<u>Year</u>	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2010	27,215	\$17,695,858	43,583	\$30,523,322
2011	27,252	19,419,542	43,390	33,431,217
2012	28,109	21,116,708	43,980	36,220,445
2013	29,545	22,424,641	45,274	37,621,606
2014 [†]	N/A	N/A	45,852	39,628,655

[†] Most recent data available.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Table A-13
COUNTY OF SAN MATEO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)
Calendar Years 2010 through 2014[†]

<u>Year</u>	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2010	11,340	\$7,846,274	18,979	\$11,966,338
2011	11,470	8,536,043	18,995	13,020,643
2012	11,748	9,277,144	19,189	13,906,978
2013	12,438	9,935,641	19,808	14,611,618
2014 [†]	N/A	N/A	19,999	15,298,434

[†] Most recent data available.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

APPENDIX B
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2015

APPENDIX C
DISTRICT INVESTMENT POLICY

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F
FORM OF OPINION OF BOND COUNSEL

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2016 Green Bonds, payment of principal, interest and other payments on the 2016 Green Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2016 Green Bonds and other related transactions between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District (the “Issuer”) nor the Trustee appointed with respect to the 2016 Green Bonds (the “Trustee”) takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2016 Green Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2016 Green Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2016 Green Bonds, or that they will so do 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.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2016 Green Bonds. The 2016 Green 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 certificate will be issued for the 2016 Green Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also

subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non- U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has 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 and www.dtc.org.

3. Purchases of 2016 Green Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Green Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2016 Green 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 2016 Green 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 2016 Green Bonds, except in the event that use of the book-entry system for the 2016 Green Bonds is discontinued.

4. To facilitate subsequent transfers, all 2016 Green 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 2016 Green Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Green Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2016 Green 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.

5. 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. Beneficial Owners of 2016 Green Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2016 Green Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2016 Green Bonds may wish to ascertain that the nominee holding the 2016 Green Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2016 Green 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.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2016 Green Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2016 Green Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the 2016 Green Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, 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 Issuer or Agent on 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

9. DTC may discontinue providing its services as securities depository with respect to the 2016 Green Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, security certificates are required to be printed and delivered.

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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**[Principal Amount]
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
GREEN BONDS, 2016 REFUNDING**

[Pricing Date], 2016

BOND PURCHASE AGREEMENT

Midpeninsula Regional Open Space District
330 Distel Circle
Los Altos, CA 94022-1404

Ladies and Gentlemen:

The undersigned, Morgan Stanley & Co. LLC, as underwriter (the “Underwriter”), hereby offers to enter into this Bond Purchase Agreement (the “Bond Purchase Agreement”) with the Midpeninsula Regional Open Space District (the “District”) which, upon the District’s written acceptance of this offer, will be binding upon the District and upon the Underwriter. This offer is made subject to the written acceptance hereof by the District and the delivery of such acceptance to the Underwriter at or prior to 6:00 P.M., California time on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice given to the District any time prior to the acceptance hereof by the District.

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$[Principal Amount] aggregate principal amount of the District’s Green Bonds, 2016 Refunding (the “Bonds”). The Bonds shall be dated the date of delivery thereof and shall be payable in the years and the amounts, and bear interest at the rates, set forth in Schedule I hereto, such interest being payable on September 1 and March 1 of each year, commencing [_____ 1, 20__]. The aggregate purchase price of the Bonds shall be \$_____ (representing the principal amount of the Bonds, [plus [net] original issue premium] in the amount of \$_____, less the Underwriter’s discount of \$_____).

2. The Bonds are being issued by the District pursuant to the Constitution and laws of the State of California (the “State”), including the provisions of Article 3 of Chapter 3 of Division 5 of the Public Resources Code (the “District Act”), and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (together with the District Act, the “Law”) and an Indenture, dated as of September 1, 2016 (the “Indenture”), between the District and Zions Bank, a division of ZB, National Association, as trustee (the “Trustee”).

The 2016 Series A Bonds are payable from and secured by the District’s share of the general one percent ad valorem tax levied by the County of Santa Clara County and the County of San Mateo County (together, the “Counties”) upon all property subject to taxation and allocated to the District.

The District has delivered or caused to be delivered to the Underwriter the District's preliminary official statement relating to the Bonds, dated [POS Date], 2016, (the preliminary official statement, together with the cover page, inside cover page and any and all appendices thereto, being herein referred to as the "Preliminary Official Statement"). The District confirms that the Preliminary Official Statement was "deemed final" as of its date, for purposes of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), except for certain information permitted to be omitted by said Rule. The District hereby ratifies, confirms and approves the use by the Underwriter of the Preliminary Official Statement. The Bonds are being offered pursuant to the District's final official statement relating to the Bonds, dated [Pricing Date], 2016 (the final official statement, together with the cover page, inside cover page and any and all appendices thereto and including any amendments or supplements thereto prior to the Closing (as defined herein), being herein referred to as the "Official Statement"). Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings given such terms in the Official Statement.

The Bonds are being issued to provide funds to (i) refund the District's outstanding obligations under certain outstanding promissory notes (the "2007 Notes") held by the Midpeninsula Regional Open Space District Financing Authority (the "Authority") the payment of which secures the Authority's 2007 Series A Refunding Bonds (the "2007 Authority Bonds"), and to prepay its obligations under that certain Lease Agreement, dated as of May 1, 2011, by and between the District and the Authority, the payment of lease payments under which secures the Authority's 2011 Revenue Bonds (the "2011 Authority Bonds, and, together with the 2007 Authority Bonds, the "Prior Bonds"); and (ii) pay certain costs associated with the issuance of the Bonds.

The Bonds shall be substantially in the form described in, and shall be issued and secured under and pursuant to, the Indenture, which shall be substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the District and the Underwriter. The Bonds shall be subject to redemption as provided in Schedule I hereto, in the Official Statement and the Indenture.

3. The Underwriter agrees to make a bona fide public offering of all the Bonds at prices not greater than (or yields lesser than) the respective initial public offering prices (or yields) set forth on Schedule I attached hereto and incorporated herein by reference. The Underwriter reserves the right to (i) over allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Schedule I. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

4. The District hereby authorizes the use by the Underwriter of the Indenture, the Continuing Disclosure Certificate dated the Closing Date (as defined in Section 7) (the "Continuing Disclosure Certificate"), the Preliminary Official Statement, the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds.

5. Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the District hereby agrees to deliver, or to cause to be delivered, the Official Statement in “designated electronic format” (as defined in Rule G-32 of the Municipal Securities Rulemaking Board (the “MSRB”)) to such addresses as the Underwriter shall specify, in order to enable the Underwriter to comply with its obligations pursuant to Rule 15c2-12(b)(4), Rule G-32 and all other applicable rules of the MSRB. The Underwriter agrees to file the Official Statement (including the Official Statement as it may be amended or supplemented) with the MSRB through its Electronic Municipal Market Access system within one (1) Business Day after receipt from the District, but in no event later than the Closing Date (as defined in Section 7 below).

6. The District will undertake, pursuant to the Continuing Disclosure Certificate, to provide certain annual financial information and notices of certain events, as described in the Official Statement.

7. At 8:00 A.M., Pacific Time, on [Closing Date], 2016, or at such other time or on such other Business Day as shall have been mutually agreed upon by the District and the Underwriter (the “Closing Date”), the District, subject to the terms and conditions hereof, will cause the delivery of the Bonds to the Underwriter through the facilities of The Depository Trust Company, New York, New York (“DTC”) and delivery of the other documents required hereby at the offices of Orrick, Herrington & Sutcliffe LLP in San Francisco, California, or at such other place as the District and the Underwriter may mutually agree upon, such Bonds to be in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC; and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds by wire transfer in immediately available funds to, or in care of, the Trustee as directed in a certificate of an Authorized Representative of the District as shall have been mutually agreed upon by the District and the Underwriter; such delivery of and payment for the Bonds is referred to herein as the “Closing.” The Bonds in electronic format shall be made available for inspection by the Underwriter at least one Business Day before the Closing.

8. The District represents, warrants and covenants to the Underwriter that:

a. The District is a regional open space district, duly organized and validly existing pursuant to the laws of the State of California, with full legal right, power and authority to undertake the activities described in and contemplated by the Preliminary Official Statement, the Official Statement and this Bond Purchase Agreement, including without limitation the adoption, execution and delivery of the documents and agreements described therein and herein as documents and agreements to which it is a party;

b. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds and the performance of its obligations thereunder; (ii) the District has full legal right, power and authority to enter into the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, dated as of ____1, 2016 (the “Escrow Agreement”) between the District, the Authority and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent (the “Escrow Agent”) and this Bond Purchase Agreement (collectively, the “Legal Documents”) and to carry out and consummate the

transactions contemplated by the Legal Documents, the Resolution and the Official Statement; and (iii) this Bond Purchase Agreement has been duly executed and delivered and constitutes a valid and legally binding obligation of the District enforceable in accordance with its terms; (iv) the Bonds, when issued, authenticated and delivered to the Underwriter in accordance with the terms of the Indenture, will constitute legal, valid and binding instruments, entitled to the benefits of the Indenture and enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

c. Between the date of this Bond Purchase Agreement and the date of the Closing, except as contemplated by the Official Statement, the District will not incur any material liabilities, direct or contingent, or enter into any material transaction, in either case other than in the ordinary course of its business, and, except as contemplated by the Official Statement, there shall not have been any material adverse change in the condition, financial or physical, of the District other than changes in the ordinary course of business;

d. The District is not in in any material respect breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Legal Documents, the adoption and of the Resolution, and compliance with the provisions of the Legal Documents will not in any material respect conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, court decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is subject, or by which it is bound;

e. Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending against the District (with service of process against the District having been accomplished) or, to the best knowledge of the District, threatened against the District, (i) in any way questioning the existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or the application of the proceeds of sale of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal or interest or other amounts due with respect to the Bonds, or the execution and delivery by the District of this Bond Purchase Agreement; (iii) in any way contesting or affecting the validity of the Bonds, the Resolution, the Legal Documents or the tax-exempt status of interest due with respect to the Bonds; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary

to make the statements therein, in light of the circumstances under which they were made, not misleading;

f. The District will furnish such information, execute such instruments and take such other action not inconsistent with law as the Underwriter may reasonably request (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use commercially reasonable efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the District shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction;

g. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the District of its obligations in connection with, the execution, sale and delivery of the Bonds under this Bond Purchase Agreement have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission, having jurisdiction in the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the District of its respective obligations under the Bonds or the Legal Documents have been duly obtained;

h. The Preliminary Official Statement (other than information permitted to be omitted from the deemed final Preliminary Official Statement under Rule 15c2-12) as of its date did not, and as of the date hereof does not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption "UNDERWRITING" and all information concerning the book-entry system set forth under the caption "THE 2016 GREEN BONDS" and in Appendix G as to which no representations or warranties are made);

i. At the time of the District's acceptance hereof and (unless an event occurs of the nature described in Section 8(k)) at all times during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with Section 14 hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption "UNDERWRITING" and all information concerning the book-entry system set forth under the caption "THE 2016 GREEN BONDS" and in Appendix G as to which no representations or warranties are made);

j. If the Official Statement is supplemented or amended pursuant to Section 8(k), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with Section 14 hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

k. If during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with Section 14 hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter of any such event and, if in the opinion of the Underwriter and District Counsel such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance acceptable to the Underwriter, and [(ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;]

l. The financial statements of, and other financial information regarding, the District contained in the Official Statement fairly present the financial position and results of the operations of the District as of the dates and for the periods therein set forth, and (i) the annual audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied; (ii) the other historical financial information has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement; (iii) there has not been any material increase in long-term debt or commitments or any material decrease in fund equity of the District, other than through the normal course of operations of the District as compared to the audited financial statements of the District for the year ended March 31, 2015 included in the Preliminary Official Statement and the Official Statement; (iv) no events have occurred which would require adjustments of or disclosures in the audited financial statements of the District as of and for the year ended March 31, 2015, included in the Preliminary Official Statement and the Official Statement, in order for them to be in conformity with generally accepted accounting principles; and (v) the audited financial statements of the District as of and for the year ended March 31, 2015, included in the Preliminary Official Statement and the Official Statement, do not require adjustments or additional disclosures essential to a fair presentation in conformity with generally accepted accounting principles;

m. The consent of Chavan & Associates, LLP, Certified Public Accountants, independent certified public accountants to the District, is not required for inclusion of their report on the District's financial statements for the fiscal year ended March 31, 2015 and reference to such firm included in the Preliminary Official Statement and the Official Statement;

n. Except as disclosed in the Official Statement, the District has not failed in the past five years to comply in all material respects with any continuing disclosure undertakings with regard to Rule 15c2-12 to provide annual reports or notices of events specified in such rule; and

o. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

All representations, warranties and agreements of the District shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on the Underwriter's behalf, and shall survive delivery of the Bonds.

9. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the District contained herein, the covenants of the District contained in the Bonds, the Legal Documents, and the performance by the District of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

a. The representations and warranties of the District contained herein shall be true and correct in all material respects on the date hereof and at and as of the Closing, as if made at and as of the Closing, except that all representations in respect of the Preliminary Official Statement shall be deemed to have been made as of the date of this Bond Purchase Agreement, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true and correct in all material respects at the Closing; the District shall be in compliance with each of the agreements made by it in this Bond Purchase Agreement (unless such agreements are waived by the Underwriter); and there shall not have occurred a material adverse change in the financial position, results of operations or financial condition of the District which may result in any material adverse change which may have a material adverse effect on the ability of the District to meet its obligations under the Bonds, the Legal Documents and the Indenture;

b. At the time of the Closing, the Official Statement, the Resolution, the Legal Documents and the Bonds, shall be in full force and effect, and shall not have been amended, modified or supplemented (except as may be agreed to in writing by the Underwriter and the District); all actions which, in the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and the District shall perform or have performed its obligations required under or specified in the Legal Documents, the Official Statement, the Resolution and the Bonds to be performed at or prior to the Closing;

c. At the time of the Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, shall not contain an untrue statement of a material fact and shall not omit any statement or information necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

d. At the time of the Closing, except as disclosed in the Official Statement, (i) no default by the District shall have occurred and be continuing in the payment of the principal and redemption premium, if any, of or interest on any bond, note or other evidence of indebtedness issued by the District and (ii) no bankruptcy, insolvency or other similar proceeding in respect of the District shall be pending or to the knowledge of the District contemplated;

e. At or prior to the Closing, the Underwriter shall receive the following documents:

(1) Copies of (a) the Resolution, certified by the District as having been duly adopted by the District and as being in full force and effect on the date of Closing, and (b) the Authority Resolution, certified by the Authority as having been duly adopted by the Authority, and as being in full force and effect on the date of Closing;

(2) The opinion of Bond Counsel, dated the Closing Date, in substantially the form included in the Official Statement as Appendix D, addressed to the District and accompanied by a reliance letter addressed to the Underwriter;

(3) A supplemental opinion of Bond Counsel, dated the Closing Date, in form and substance satisfactory to the Underwriter and Counsel to the Underwriter, addressed to the District and the Underwriter, to the effect that (i) the District has duly and validly executed the Bond Purchase Agreement, and the Bond Purchase Agreement constitutes the legal, valid and binding agreement of the District, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (iii) the statements set forth in the Preliminary Official Statement and the Official Statement (or if either shall be amended or supplemented, the statements in the Preliminary Official Statement or Official Statement as so amended or supplemented addressing the matters addressed in the statements) contained in the front portion of the Preliminary Official Statement and the Official Statement under the headings "THE 2016 GREEN BONDS," "SECURITY AND SOURCE OF PAYMENT FOR THE 2016 GREEN BONDS," and "TAX MATTERS," and in Appendices D and F thereto, insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture and the opinion of Bond Counsel concerning certain tax matters relating to the Bonds, are accurate in all material respects;

(4) A defeasance opinion of Bond Counsel relating to the Prior Bonds that are defeased, dated the Closing Date, and addressed to the District, the Escrow Agent and the Underwriter, in form and substance acceptable to the Underwriter;

(5) An opinion of Schiff Hardin LLP, disclosure counsel to the District, dated the Closing Date, and addressed to the District and the Underwriter, substantially in the form attached as Appendix A hereto;

(6) An opinion of General Counsel to the District, in form and substance satisfactory to the Underwriter, dated the Closing Date, and addressed to the District and

the Underwriter, substantially in the form attached as Appendix B hereto, and an opinion of counsel to the Authority, dated the Closing Date, and addressed to the Authority and the Underwriter, substantially in the form attached as Appendix C hereto;

(7) The opinion of Hawkins Delafield & Wood LLP, counsel to the Underwriter dated the Closing Date addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(8) A certificate signed by a duly authorized official of the District in form and substance satisfactory to the Underwriter dated the Closing Date to the effect that (A) each and all of the representations and warranties of the District contained in this Bond Purchase Agreement and the Legal Documents are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, except that all representations in respect of the Preliminary Official Statement shall be deemed to have been made as of the date of this Bond Purchase Agreement, and no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein, in light of the circumstances under which they were or are made, not misleading in any material respect; and (B) other than as set forth in the Preliminary Official Statement and the Official Statement, no litigation is pending (with service of process against the District having been accomplished) or, to the District's knowledge, threatened in any court to restrain or enjoin the execution or delivery of any of the Bonds, or the application of the proceeds of sale of the Bonds, or the collection of the revenues or other income or moneys pledged or to be pledged to pay the principal or interest or other amounts due with respect to the Indenture or the Bonds, or in any way contesting or affecting the adoption of the Resolution or the execution, delivery or validity or the Indenture or the Bonds or the security therefor or the Indenture, or involving any of the property or assets of the District or under the control of the District wherein an unfavorable decision, ruling or finding would materially adversely affect the ability of the District to perform its obligations under the Resolution, the Legal Documents or the Bonds or the security for the Bonds or the exclusion of interest due with respect to the Bonds from gross income for purposes of federal or state income taxation;

(9) [A certificate signed by a duly authorized official of the Authority in form and substance satisfactory to the Underwriter dated the Closing Date to the effect that (A) each and all of the representations and warranties of the Authority contained in the Escrow Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and (B) no litigation is pending (with service of process against the District having been accomplished) or, to the District's knowledge, threatened in any court to restrain or enjoin the execution or delivery of the resolution of the Authority approving the execution and delivery of the Escrow Agreement, or in any way contesting or affecting the adoption of the Authority's resolution or the execution, delivery or validity or the Escrow Agreement;];

(10) A certificate signed by an authorized officer of the Trustee, addressed to the Underwriter, in form and substance satisfactory to the Underwriter dated the Closing Date to the effect that (i) the Trustee is a duly organized and validly existing national banking association and has full power and authority to carry out its activities under the Indenture, (ii) the Bonds have been duly authenticated and delivered by the Trustee in accordance with the Indenture, (iii) each of the Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other party thereto, each of the Indenture is the valid, legal and binding agreement of the Trustee, enforceable in accordance with its terms, and (iv) the execution and delivery of the Indenture and the authentication and delivery of the Bonds, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution, charter, by-law or agreement to which the Trustee is subject or by which it is bound;

(11) An opinion of counsel to the Trustee, addressed to the Underwriter, in form and substance satisfactory to the Underwriter dated the Closing Date to the effect that (i) the Trustee has duly authorized, executed and delivered the Indenture the Indenture constitutes a valid and legally binding agreements of the Trustee enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditor's rights, (ii) the Trustee has lawful authority for the authentication and delivery of the Bonds, (iii) the Trustee has duly authenticated and delivered the Bonds in accordance with the Indenture; (iv) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Indenture and to enter into such Indenture; (v) the execution, delivery and performance of its duties under the Indenture will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound; and (vi) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is served and pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Indenture and the Escrow Agreement, or in any way contesting or affecting the Bonds or the Indenture or the Escrow Agreement;

(12) Executed copies of this Bond Purchase Agreement, the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement and the Official Statement, together with a copy of the record of proceedings for the Bonds;

(13) A Tax Certificate of the District signed by an authorized officer of the District;

(14) Evidence that the underlying credit ratings on the Bonds of “___” and “___”, have been assigned by Standard & Poor's Rating Service ("S&P") and Fitch

Ratings ("Fitch"), respectively, and that each is in full force and effect on the Closing Date;

(15) A copy of the Blue Sky Survey with respect to the Bonds;

(16) A copy of the District's executed Blanket Letter of Representation to The Depository Trust Company; and

(17) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the accuracy, as of the time of Closing, of the District's representations herein contained and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Bond Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the District nor the Underwriter shall have any further obligation hereunder, nor any liability to any other party with respect to such termination.

10. The Underwriter may terminate this Bond Purchase Agreement by notification to the District if at any time after the date hereof and prior to the Closing:

a. Legislation shall have been favorably reported for passage in either house of the Congress of the United States of America by any committee of such house to which legislation has been referred for consideration or has been enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, that in the reasonable judgment of the Underwriter materially adversely affects the marketability of the Bonds;

b. Legislation shall have been favorably reported for passage by either house of the United States Congress by any committee of such house to which such legislation has been referred for consideration, or has been enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not

exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

c. A general suspension of trading in securities on the New York Stock Exchange, or the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or a general banking moratorium or limits on loans or the amounts of loans to investment banking firms in general shall have been declared by federal, State of New York or State of California officials authorized to do so;

d. The introduction, proposal or enactment of any amendment to the United States Constitution or California Constitution or any action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the District, its property, income, securities (or interest thereon), the validity or enforceability of the Resolution, the Indenture or the Bonds;

e. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect the Preliminary Official Statement or in the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, in either such event, (A) the District refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriter or (B) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds;

f. There shall have occurred any outbreak or increase of hostilities or terrorism or other local, national or international event, act, occurrence, calamity or crisis, or there shall have occurred a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or applicable state bankruptcy laws by or against, any agency or instrumentality of the State of California, any state of the United States or agency thereof, or any District located in the United States having a population of over one million the effect of which on the financial markets of the United States of America, in the reasonable judgment of the Underwriter, is such as to materially and adversely affect (A) the market price or the marketability of the Bonds, or (B) the ability of the Underwriter to enforce contracts for the sale of the Bonds;

g. There shall have been any material change in the affairs of the District, or the Official Statement shall have been supplemented pursuant to Section 8(k) hereof, and in the

reasonable judgment of the Underwriter, such change or supplement materially affects the marketability of the Bonds or the market price of the Bonds;

h. Any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service;

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

j. A stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of the Legal Documents as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the Securities Act of 1933, the Securities and Exchange Act of 1934, or the Trust Indenture Act of 1939, each as amended and as then in effect; or

k. Any litigation shall be instituted or pending (with service of process against the District having been accomplished) at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings, authorizing and approving the Bonds, the Resolution, the Legal Documents or the existence or powers of the District with respect to its obligations under the Legal Documents or the Bonds.

11. The District shall, except as set forth in the next succeeding paragraph, pay any expenses incident to the performance of the District's obligations hereunder, including but not limited to the following: (i) the cost of the preparation, printing and delivery of the Bonds, (ii) the fees for bond ratings, (iii) the cost of printing and distribution of the Indenture, the Continuing Disclosure Certificate, the Preliminary Official Statement and the Official Statement, (iv) the fees and disbursements of Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, and of Schiff Hardin LLP, Disclosure Counsel, (v) any fees and disbursements of the District's accountants (vi) the fees and disbursements of the Trustee and its counsel, (vii) the fees and expenses of Backstrom McCarley Berry & Co., LLC, financial advisor to the District, (viii) the fees and disbursements of any accountants, attorneys, auditors, experts, consultants or advisors retained by the District, and (ix) any other costs and disbursements incurred by the District in connection with the transaction. To the extent that the Underwriter, in order to facilitate the transactions hereunder, has advanced funds to pay any expenses of the District incidental to this Bond Purchase Agreement and the transactions hereunder (including, but not limited to, transportation, lodging, meals and other ancillary costs of District representatives associated with the financing), the District shall reimburse the Underwriter for such advances as part of the Underwriter's discount.

The Underwriter shall pay (i) the fees and disbursements of Hawkins Delafield & Wood LLP, retained by the Underwriter in connection with the purchase and sale of the Bonds pursuant hereto as Underwriter's counsel, (ii) the fee payable to the California Debt and Investment Advisory Commission with respect to the sale of the Bonds, (iii) advertising expenses and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, (iv) fees and expenses related to obtaining CUSIP numbers, and (v) expenses to qualify the Bonds for sale under any Blue Sky laws. Notwithstanding that the fees payable to the California Debt and Investment Advisory Commission are solely the legal obligation of the Underwriter, the District agrees to reimburse the Underwriter for such fees as part of the Underwriter's discount.

12. Any notice or other communication to be given to the District under this Bond Purchase Agreement may be given by delivering the same in writing to Midpeninsula Regional Open Space District, 330 Distel Circle, Los Altos, CA 94022-1404, Attention: Chief Financial Officer, or to such other person as she may designate in writing, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first Paragraph hereof) may be given by delivering the same in writing to Morgan Stanley & Co. LLC, 555 California Street, 21st Floor, San Francisco, California 94104, Attention: Adam Aranda.

13. The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State of California.

14. The term "end of the underwriting period" means the later of such time as (i) the District delivers the Bonds to the Underwriter or (ii) the Underwriter does not retain directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed the Closing Date. Any notice delivered pursuant to this Section shall be written notice, delivered to the District at or prior to the Closing, and shall specify a date, other than the Closing Date (or other date specified by notice delivered pursuant to this Section), to be deemed the "end of the underwriting period."

15. This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

16. The District acknowledges and agrees that: (i) the transaction contemplated by this Bond Purchase Agreement is an arm's length, commercial transaction between the District and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Underwriter has provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

[Signature Page Follows]

17. This Bond Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriter and is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter or any members of the syndicate, if any). No other person shall acquire or have any right hereunder or by virtue hereof.

Very truly yours,

MORGAN STANLEY & CO. LLC

By: _____
Executive Director

Agreed and Accepted this

____ day of _____ at ____:____ a.m./p.m.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

By: _____
[Chief Financial Officer]

SCHEDULE I

[TO COME]

APPENDIX B

FORM OF DISCLOSURE COUNSEL OPINION

[Closing Date]

Midpeninsula Regional Open Space District
Los Altos, California

Morgan Stanley & Co. LLC
San Francisco, California

**Re: \$[Principal Amount]
Midpeninsula Regional Open Space District, California
Green Bonds, 2016 Refunding**

APPENDIX B

FORM OF DISTRICT COUNSEL OPINION

[Closing Date]

Midpeninsula Regional Open Space District
Los Altos, California

Morgan Stanley & Co. LLC
San Francisco, California

**Re: \$[Principal Amount]
 Midpeninsula Regional Open Space District, California
 Green Bonds, 2016 Refunding**

[to be revised]

Ladies and Gentlemen:

We have acted as counsel to the Midpeninsula Regional Open Space District (the "District") in connection with the issuance by the District of its Green Bonds, 2016 Refunding (the "Bonds") in the aggregate principal amount of \$[Principal Amount] and the sale of such Bonds pursuant to the Bond Purchase Agreement dated [Pricing Date], 2016 (the "Bond Purchase Agreement") between the District and Morgan Stanley & Co. LLC.

In connection therewith, we have examined originals or copies certified or otherwise identified to our satisfaction of such documents, records and other instruments as we have deemed necessary or appropriate for the purpose of this opinion, including (i) Resolution No. ____ adopted by the District of Directors of the District (the "Board") on _____, 2016 (the "Board Resolution"), (ii) an Indenture, dated as of _____ 1, 2016, by and between the District and Zions Bank, a division of ZB, National Association, as trustee (the "Trustee"), (collectively, the "Indenture"), (iii) the Preliminary Official Statement of the District relating to the Bonds dated _____, 2016 (the "Preliminary Official Statement") and the Official Statement of the District relating to the Bonds dated [Pricing Date], 2016 (the "Official Statement"), (iv) the Escrow Agreement, dated as of _____, 2016 (the "Escrow Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"), (v) the Continuing Disclosure Certificate, dated [Closing Date], 2016 (the "Continuing Disclosure Certificate"), executed by the District, (vi) the Tax Certificate, dated the date hereof and executed by the District, and (vii) the various proceedings of the District and certificates and counsel opinions executed and delivered in connection with the sale of the Bonds.

Based upon the foregoing and upon consideration of applicable law, and subject to the qualifications provided herein, we are of the opinion that:

1. The District is duly organized and validly existing under the laws of the State of California.

2. The District Resolution was duly adopted, and the Indenture, the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate (the “District Legal Documents”) and the Preliminary Official Statement and the Official Statement were duly approved and authorized to be executed, at a meeting of the governing body of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. The District has the right and power under law to adopt the District Resolution and to enter into the District Legal Documents. The District Legal Documents are valid and binding upon the District and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditor’s rights generally). No other authorization for the adoption of the District Resolution, the execution and delivery of the Indenture and the issuance of the Bonds is required (except for “Blue Sky” laws and other securities regulation of which we express no opinion).

4. Other than as described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, or investigation at law or in equity before or by any court, public board or body, pending (with service of process against the District having been accomplished) or, to the best of our knowledge, threatened against or affecting the District (i) to restrain or enjoin the issuance or the delivery of the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Indenture or the District Resolution, (iii) in any way contesting the existence or powers of the District with respect to the issuance of the Bonds or the security therefore, or (iv) if determined adversely to the District, would have a material, adverse impact on the operations or finances of the District.

5. The execution and delivery of the District Legal Documents by the District, and performance by the District of its obligations thereunder, will not in any material manner conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the District is a party or by which it is bound or constitute a default thereunder.

6. The District is not in material breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any lease agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject which breach or default would, materially adversely affect the District’s ability to enter into or perform its obligations under the District Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default.

7. To the best of my knowledge, the information in the Preliminary Official Statement and the Official Statement concerning the District (excluding therefrom financial statements and other statistical data included in the Official Statement, and the information contained under the caption “UNDERWRITING” and all information concerning the book-entry system set forth under the caption “The 2016 Green Bonds” and in Appendix G, as to which no view is expressed) does not contain any untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

APPENDIX C

FORM OF AUTHORITY COUNSEL OPINION

[Closing Date]

Midpeninsula Regional Open Space District Financing Authority
Los Altos, California

Morgan Stanley & Co. LLC
San Francisco, California

**Re: \$[Principal Amount]
 Midpeninsula Regional Open Space District, California
 Green Bonds, 2016 Refunding**

[form to come]

Ladies and Gentlemen: